



Australian Government
Australian Taxation Office

**Commissioner of Taxation
annual report**

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Australian Government

Australian Taxation Office

Commissioner of Taxation
annual report 2020–21

Commissioner's review

I am pleased to report on the performance of the Australian Taxation Office (ATO) for 2020–21. The last year has been one of the biggest in the ATO's history, and we were called on to do more than we've ever done before. Continuing our strong record of meeting government and community expectations, we supported Australians when they needed it most and I am immensely proud of what we have achieved.

We continued our focus on delivering government stimulus measures and supporting those affected by COVID-19. Across the whole program, the roll out of JobKeeper saw \$88.8 billion in economic support in 2020–21, and our administration of the temporary Early Release of Super and Cash Flow Boost stimulus measures saw \$37.8 billion and \$35.7 billion released into the economy. We also supported those through lodgment and payment deferrals, as well as flexible payment options, including interest-free payment plans.

In 2020–21 we also:

- collected gross tax of \$580.1 billion and provided refunds of \$128.7 billion, with net tax collections of \$451.4 billion, up \$46.6 billion (11.5%) from 2019–20
- delivered Tax Time 2020, receiving over 14.2 million individual current-year income tax returns, resulting in over 10.9 million refunds
- delivered key government commitments, including through our Tax Avoidance Taskforce and Serious Financial Crime Taskforce
- completed, as part of the Modernising Business Registers program, the transfer of the registry functions from the Australian Securities and Investment Commission (ASIC) to the ATO.

While the delivery of stimulus measures was a priority, demand for our core services continued, and in fact increased to record highs with Tax Time 2020. On the first day of tax time alone, we processed more than 740,000 lodgments received via our online service channels, including income tax returns, early release of super applications, JobKeeper and cash flow boost payments – a massive increase from the 100,000 we processed on the first day of tax time in 2019.

We tailored our advice and guidance and worked closely with the tax profession to help the community through the impacts of the year. We know this year was hard on tax practitioners, as they navigated a raft of new measures for clients experiencing significant stress and uncertainty. We also helped them understand entitlements and obligations and, where we could, provided quick access to support options for their clients, including quicker refunds and payments.

Service standards and staff engagement could have waned during this period due to increased demand and the challenges posed by the environment, but instead they went up. Our client and community confidence score rose to a record high of 68 for 2020–21 – two points higher than the previous year. Employee engagement scores also reached record highs and have remained there into 2021. These results demonstrate not only how successfully the ATO rose to the challenges brought on by the pandemic in Australia, but how it in fact strengthened our resolve and commitment to service.



I am honoured that in 2020–21 I was appointed the first Registrar of the newly established Australian Business Registry Services (ABRS). The ATO is leading the delivery of the Modernising Business Registers (MBR) program, delivering on the government's deregulation agenda, and we are bringing together registers across the ATO and ASIC into one place. In 2021, the ATO welcomed 221 new staff from ASIC to join us. Together, we will be consolidating over 30 business registers to streamline how businesses interact with government and manage their registry obligations.

While we did all this, we also continued our business transformation, achieving some key milestones over the last 12 months. For example, we:

- delivered Online services for business, making it easier for businesses of all sizes to manage their obligations with the ATO
- made further enhancements to Single Touch Payroll (STP), enabling streamlined reporting for employers by leveraging their current processes – real-time reporting through STP is also helping employees get timely and accurate information.

I am pleased to say our people have been the foundation of our achievements. I'm very proud of the flexibility, resilience and commitment ATO staff have shown, and of the strong leadership displayed across all levels of the organisation. ATO staff proved again that our culture, commitment and care for each other is what enables us to serve the Australian community with empathy and integrity.

Looking forward

The ATO is committed to continuously improving our services and systems to deliver better experiences for our clients. Our commitment to transformation is evidence of this and has positioned us to rise to the challenges of 2020–21. In the year ahead, we are driving our transformation even further as we move towards delivery of some key initiatives. Through this, we will strive to exceed the expectations of government, clients and staff and make our tax, superannuation and business registration systems stronger and more accessible for the benefit of the community.

Chris Jordan AO

Commissioner of Taxation and
Registrar of the Australian Business Register
and the Australian Business Registry Services

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Australian Government
Australian Taxation Office

COMMISSIONER OF TAXATION

The Hon. Michael Sukkar MP
Assistant Treasurer
Minister for Housing
Minister for Homelessness, Social and Community Housing
Parliament House
CANBERRA ACT 2600

Dear minister

As the Accountable Authority for the Australian Taxation Office (the ATO), the Australian Charities and Not-for-profits Commission (ACNC) and the Tax Practitioners Board (TPB), I present you with the annual reports for the year ended 30 June 2021 for presentation to Parliament, in compliance with section 46 of the *Public Governance, Performance and Accountability Act 2013*.

The reports follow the guidelines approved by the Joint Committee of Public Accounts and Audit, as well as other legislative reporting requirements as listed in:

- sections 17AA to 17AJ of the *Public Governance, Performance and Accountability Rule 2014*
- subsection 60-130(1) of the *Tax Agent Services Act 2009* (for the TPB)
- Division 130 of the *Australian Charities and Not-for-profits Commission Act 2012* (for the ACNC).

Due to their operational independence and statutory obligations, the TPB and the ACNC have produced their own annual reports.

As required by section 10 of the *Public Governance, Performance and Accountability Rule 2014*, I certify that we have:

- prepared fraud risk assessments and fraud control plans
- appropriate fraud prevention, detection, investigation and reporting mechanisms that meet the specific needs of the ATO
- taken all reasonable measures to appropriately deal with fraud.

Yours sincerely

Chris Jordan AO
Commissioner of Taxation and
Registrar of the Australian Business Register
and the Australian Business Registry Services

30 September 2021

Ian Klug AM
Chair
Tax Practitioners Board

The Hon. Dr Gary Johns
Commissioner
Australian Charities and Not-for-profits Commission

About us

Our vision is to be a leading tax and superannuation administration known for our contemporary service, expertise and integrity

As a Commonwealth entity within the Treasury portfolio, the ATO is accountable under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Public Service Act 1999* (PS Act).

Our role and responsibilities

The Commissioner of Taxation is responsible for administering Australia's tax system and significant aspects of Australia's superannuation system. For the purposes of the PGPA Act, the Commissioner is the accountable authority for the ATO, the Tax Practitioners Board (TPB) and the Australian Charities and Not-for-profits Commission (ACNC). He is also Registrar of the Australian Business Register (ABR) and the Australian Business Registry Services (ABRS). The Commissioner was appointed as Registrar of the ABRS on 4 April 2021.

The ATO is the Australian Government's principal revenue collection agency, administering the legislation governing tax, and supporting the delivery of government benefits to the community. Our roles and responsibilities are set out in more detail, by agency program, on pages 2–3.

The TPB and ACNC operate independently of the ATO and each produces its own annual report. Their reports are available at tpb.gov.au and acnc.gov.au, respectively.

Outcome and program structure

In 2020–21, the ATO had one outcome and was funded to deliver this through four agency programs and 15 administered programs. All deliverables for administered programs are achieved through making payments to eligible recipients in accordance with relevant laws.

ATO outcome

Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law.

Agency programs

1.1 Australian Taxation Office

The ATO effectively manages and shapes the tax and superannuation systems that support and fund services for Australians, by:

- collecting revenue
- making it easy for the community to understand and comply with obligations
- administering the goods and services tax (GST) on behalf of the Australian states and territories
- administering major aspects of Australia's superannuation system.

1.2 Tax Practitioners Board (TPB)

The TPB has the general administration of the *Tax Agent Services Act 2009* (TASA) and is responsible for the registration and regulation of tax practitioners. These include tax agents, business activity statement (BAS) agents and tax (financial) advisers.

The TPB's role is to ensure that tax practitioner services are provided to the public in accordance with appropriate standards of professional and ethical conduct.

The TPB seeks to protect consumers of taxation services by regulating tax practitioners in a fair, consistent and practical way, thereby strengthening the integrity of the tax practitioner profession by:

- protecting consumers of tax practitioner services
- enhancing the integrity of the registered tax practitioner profession
- implementing the government's reform program.

While the TPB is included in the ATO program structure and under the ATO outcome, it operates independently of the ATO and produces its own annual report. The TPB's annual report is available at tpb.gov.au.

1.3 Australian Business Register (ABR)

The ABR program works with government, digital service providers, the business community and other key stakeholders to support a fairer business environment that fosters greater economic growth and job creation. This will be achieved through increased use of a trusted national business dataset and use of consistent information exchange standards.

In line with the Commissioner of Taxation's appointment as Registrar of the Australian Business Registry Services (ABRS), from this point references to Program 1.3 will be referred to as Australian Business Registry Services (ABRS).

1.4 Australian Charities and Not-for-profits Commission (ACNC)

The ACNC effectively manages a regulatory system for the Australian charitable sector by:

- registering eligible not-for-profit entities as charities in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the *Charities Act 2013*
- providing information, guidance and advice about good governance practices and assisting charities to meet their obligations to maintain charity registration
- assessing concerns raised about registered charities, investigate where appropriate and initiate compliance action against charities that contravene the ACNC Act, governance standards or external conduct standards
- working with other government agencies (Commonwealth, state and territory) to reduce unnecessary regulation on charities and align regulatory obligations through various mechanisms, including the ACNC's Charity Passport.

While the ACNC is included in the ATO program structure and under the ATO outcome, it operates independently of the ATO and produces its own annual report. The ACNC's annual report is available at acnc.gov.au.

Administered programs

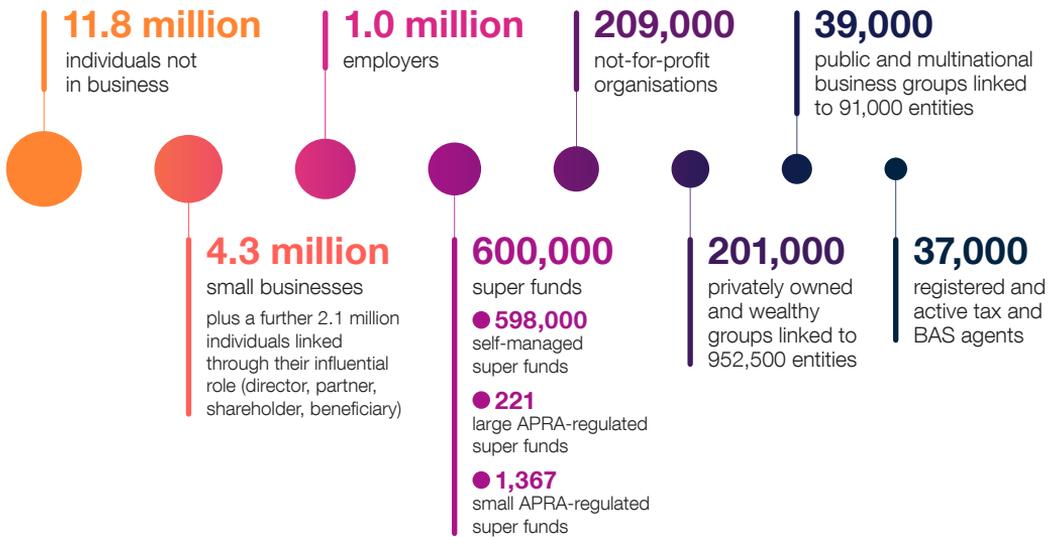
Administered programs may be administered by the ATO with policy and delivery assistance from other Commonwealth agencies, or directly through the tax and superannuation systems. Our administered programs for 2020–21 were:

- 1.5 Australian Screen Production Incentive
- 1.6 Junior Minerals Exploration Incentive
- 1.7 Fuel Tax Credits Scheme
- 1.8 National Rental Affordability Scheme
- 1.9 Product Stewardship for Oil
- 1.10 Research and Development Tax Incentive
- 1.11 Low Income Superannuation Tax Offset
- 1.12 Private Health Insurance Rebate
- 1.13 Superannuation Co-contribution Scheme
- 1.14 Superannuation Guarantee Scheme
- 1.15 Targeted Assistance Through the Taxation System
- 1.16 Interest on Overpayment and Early Payments of Tax
- 1.17 Bad and Doubtful Debts and Remissions
- 1.18 Seafarer Tax Offset
- 1.19 Economic Response to the Coronavirus

ATO client landscape

The ATO interacts with a vast number of clients in the community – and each client group has different requirements and outcomes they seek from the tax and superannuation systems. Figure 1.1 shows the clients we interact with.

FIGURE 1.1 ATO client landscape, at 30 June 2021



Our ministers

The ministers with responsibility for matters relating to the tax and superannuation systems in 2020–21 were:

- The Hon. Josh Frydenberg MP, Treasurer
- The Hon. Michael Sukkar MP
 - Assistant Treasurer
 - Minister for Housing
 - Minister for Homelessness, Social and Community Housing – from 22 December 2020
 - Minister responsible for the ACNC from 22 December 2020
- Senator the Hon. Jane Hume
 - Minister for Women’s Economic Security – from 30 March 2021
 - Minister for Superannuation, Financial Services and the Digital Economy – from 22 December 2020
 - Assistant Minister for Superannuation, Financial Services and Financial Technology – from 1 July 2020 to 22 December 2020
- The Hon. Stuart Robert MP, Minister for Employment, Workforce, Skills, Small and Family Business – from 30 March 2021.

The minister responsible for the ACNC in 2020–21 was Senator the Hon. Zed Seselja, Assistant Minister for Finance, Charities and Electoral Matters from 1 July 2020 to 22 December 2020.

For more information on our ministers, see ministers.treasury.gov.au.

The ATO Executive

The Commissioner is supported by an executive team, with each member having responsibility for key aspects of the ATO's performance.

The ATO Executive sets our strategic direction and monitors delivery of our commitments to government and the community. Its focus is on strategic matters that relate to the direction and positioning of the organisation. The Executive also provides leadership, driving the client-focused culture of the ATO.

For more details about our senior leaders, see ato.gov.au/about-ato.

The Commissioner of Taxation



*Chris Jordan AO,
Commissioner of Taxation
and Registrar of the Australian
Business Register and
the Australian Business
Registry Services*

Chris Jordan AO was appointed as the 12th Commissioner of Taxation and Registrar of the Australian Business Register on 1 January 2013. On 4 April 2021, Chris was also appointed as Registrar of the Australian Business Registry Services.

Chris has broad and lengthy experience in tax policy and law development and implementation, having held influential roles in the private sector and as a government advisor to both Labor and Coalition governments.

He was Chair of the Board of Taxation from June 2011 to December 2012 and a member of the Board since its inception in 2000. He also served as Chair of the Business Tax Working Group from 2011 to 2012, and as Chair of the New Tax System Advisory Board (1999 to 2001). He was a member of the Working Group that consulted with the mining industry about the resource rent tax (2011–12).

Chris has diverse experience in the tax and consulting profession. He started his accounting career with Arthur Andersen in 1979, was a senior lecturer in taxation at Sydney's University of Technology from 1982 to 1985, and then worked at KPMG for over 25 years. From 1995 to 2000, he was Partner in Charge of the NSW Tax and Legal Division of KPMG, and from 2001 to 2012 was Chairman of Partners for KPMG NSW.

Until taking up his role as Commissioner of Taxation, Chris was the Chairman of the Committee for Sydney, a director of the Bell Shakespeare Company and the Sydney Children's Hospital Foundation, as well as a member of the Audit and Risk Committee for the NSW Art Gallery.

Chris has a Master of Laws (Sydney University) and Bachelor of Commerce and Law (University of NSW). He is a Fellow of Chartered Accountants Australia and New Zealand, Fellow of the Institute of Company Directors and a Chartered Tax Adviser with The Tax Institute.

Chris's term runs until 29 February 2024.

Executive team responsibilities



*Janine Bristow
Chief Finance Officer*

Janine Bristow is the Chief Finance Officer, overseeing all aspects of ATO finances, including resource management and strategy, budgeting, financial accounting and tax reporting, procurement and contract management, project and portfolio management, and property and facilities management services.

Janine leads professionals across ATO Finance, providing the ATO with financial modelling, insights, business analytics, advice and support to ensure the ATO meets its obligations and is efficient and effective in the investment of public monies.

Janine supports the delivery of the ATO's outcomes and priorities, aligning the ATO's organisational strategy to financial investment.



*Jacqui Curtis
Chief Operating Officer,
Enterprise Strategy and
Corporate Operations Group*

Jacqui Curtis, as Chief Operating Officer, is responsible for leading the ATO's Enterprise Strategy and Corporate Operations Group. Jacqui also holds the position of Head of the Australian Public Service (APS) human resources (HR) Professional Stream.

The role of Enterprise Strategy and Corporate Operations is to ensure we are well positioned for APS-wide reforms and that our people management, communication solutions, planning, governance, finance, risk and change management are strategic and effective.

Jacqui brings together an integrated picture of people and resource management, ensuring the ATO has the right capability and culture to deliver on our strategic intent. She plays a lead role in managing relationships with key stakeholders including scrutineers. All of these underpin our ability to deliver a better experience for both clients and staff.

Jacqui also plays a key role as a member of the APS Chief Operating Officer Committee in managing whole-of-government operational and implementation matters as well as driving delivery of agreed initiatives under the government's APS reform agenda, in line with the direction set by the APS Secretaries Board.

As Head of the APS HR Professional Stream, Jacqui builds strategic HR capability through initiatives that help identify core, long-term capability needs, standards and career pathways to support HR professionals in the APS.



*Kirsten Fish
Acting Second Commissioner,
Law Design and Practice Group*

Kirsten Fish acted in the role of Second Commissioner of the Law Design and Practice Group from 1 October to 30 June 2021. Kirsten has overall responsibility for the ATO's law practice, including law interpretation, public advice and guidance, independent dispute prevention and resolution, and our role in policy and law design.

The Law Design and Practice Group contributes to the administration of the tax and superannuation systems by seeking to make tax fair, simple and understood. We work collaboratively with Treasury and other agencies in supporting government outcomes and leading the ATO's work on design of new policies and law. Law Design and Practice is involved at the early stages of advice and review, providing certainty through interpretation of the law and publication of guidance to support our clients in getting it right the first time.

We are committed to understanding the drivers of disputes, litigating only the right cases, and encouraging prevention and ensuring earlier resolution where disputes happen.



*Jeremy Hirschhorn
Second Commissioner,
Client Engagement Group*

Jeremy Hirschhorn is the Second Commissioner with overall responsibility for the ATO's Client Engagement Group, which fosters willing participation in Australia's tax and superannuation systems through well-designed client experiences.

Across all client experiences – from the very largest public and multinational businesses to small businesses and individuals – the Client Engagement Group uses insights from client interactions to help design a tax system that makes it easier to comply, and harder not to. The group supports the integrity of the tax and superannuation systems by addressing non-compliance, and ensures increasing transparency about the operation of the system for taxpayers and key partners.

The group also plays an important role in working with the international tax community. Through collaborating with other jurisdictions, the Client Engagement Group improves the way tax administrations work together to address arrangements used to evade and avoid tax.



*Ramez Katf
Second Commissioner,
Enterprise Solutions and
Technology Group*

Ramez Katf is the Second Commissioner with overall responsibility for the Enterprise Solutions and Technology Group, and the ATO's Chief Information Officer.

Ramez provides leadership and strategic direction to modernising the revenue collection system and contributing to the government's broader digital agenda.

Enterprise Solutions and Technology ensures we are taking advantage of the most innovative trends in technology to improve the experience of ATO staff and the community. This role continues to play an important role within the ATO and the APS in meeting expectations and demand as new technology solutions continue to emerge.



*Melinda Smith
Chief Service Delivery Officer,
Service Delivery Group*

Melinda Smith, as Chief Service Delivery Officer, has overall responsibility for the Service Delivery Group.

This part of the ATO is responsible for a broad range of the ATO's foundation services for all segments of the community. These include processing payments, activity statements, income tax returns, superannuation lodgments and other forms, as well as administering the tax file number register, Australian Business Register, Australian Securities and Investments Commission (ASIC) registers (under a delegation from ASIC) and registers held on behalf of the superannuation industry.

The group focuses on working with ATO clients to understand their needs. It offers a tailored approach to help them meet their tax, super and registry obligations as easily as possible through contemporary tools, systems and services. It also engages with clients on a large scale and uses a strategic early intervention approach to educate them and influence willing participation.

The group works closely with other areas of the ATO to improve the experience for clients and drive greater efficiency and quality outcomes. The focus on better use of data, digitisation and building a strong service culture ensures the ATO is well positioned for the future.

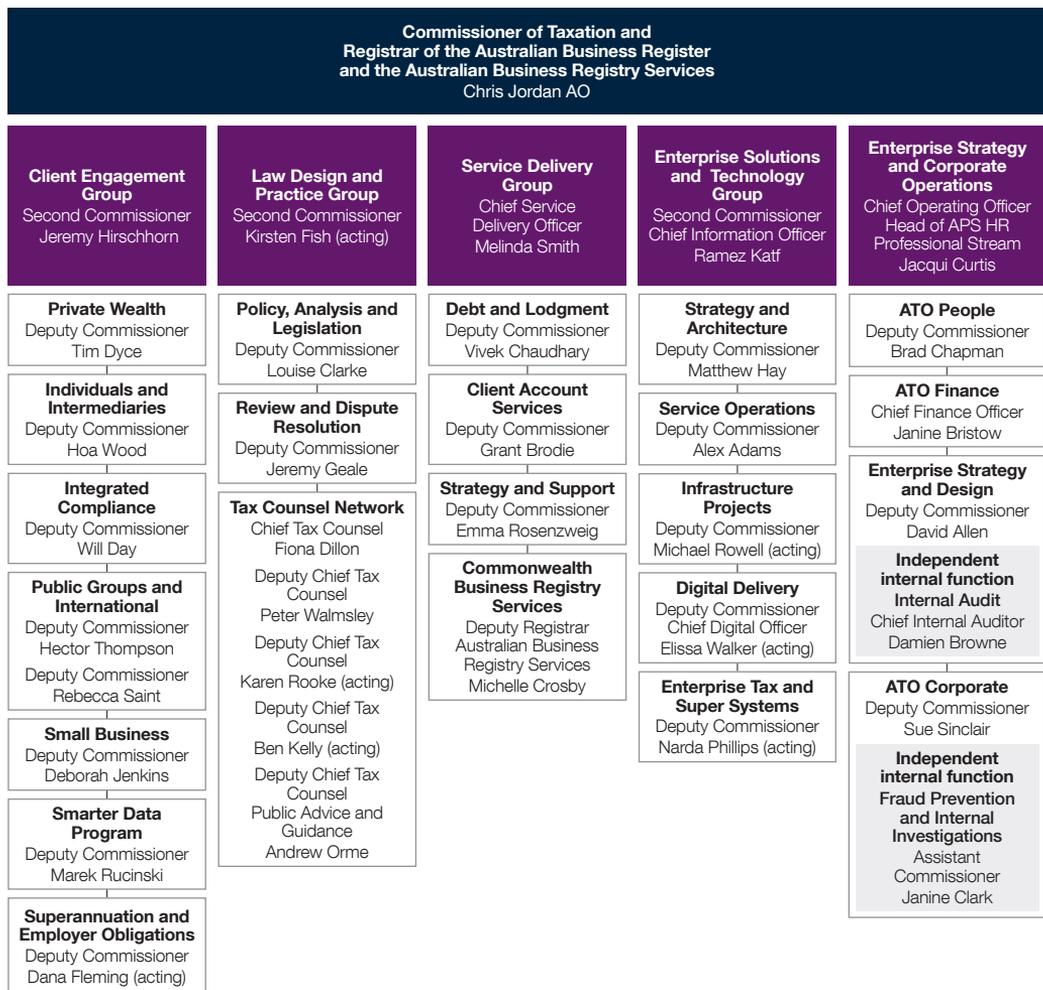
Note

Deborah Jenkins acted as Second Commissioner, Law Design and Practice Group until September 2020.

Organisational structure

The ATO is structured in five groups, each reporting to a member of the ATO Executive. Each group consists of a number of business areas.

FIGURE 1.2 ATO organisational structure, at 30 June 2021



The current ATO organisational chart is available on our website at ato.gov.au/ATOorgchart.

Note

The independent internal functions support the Commissioners and, for administrative purposes, are functionally part of Enterprise Strategy and Corporate Operations.

Statement by the Accountable Authority

As the Accountable Authority of the Australian Taxation Office (ATO), I present the following annual performance statement. This statement has been prepared as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and covers the period from 1 July 2020 to 30 June 2021.

In my opinion, and having considered the recommendations from the ATO Audit and Risk Committee, the annual performance statement is based on properly maintained records, accurately presents the ATO's performance for the reporting period and complies with subsection 39(2) of the PGPA Act.



Chris Jordan AO
Commissioner of Taxation and
Registrar of the Australian Business Register
and the Australian Business Registry Services

Program 1.1 Australian Taxation Office

Purpose

The ATO's purpose is to contribute to the economic and social wellbeing of Australians by fostering willing participation in the tax and superannuation systems.

We have two aspirations for 2024:

- building trust and confidence
- being streamlined, integrated and data-driven.

Our purpose is underpinned by eight strategic objectives, as shown in the *ATO corporate plan 2020–21*. This year the ATO Executive endorsed eight priority areas for increased focus, identified as strategic initiatives in the corporate plan.

Program overview

The ATO program aligns with the *ATO corporate plan 2020–21* and presents our performance and achievements in relation to the **strategic objectives** and **strategic initiatives** for 2020–21.

The strategic objectives are grouped into five perspectives: Government, Client, Workforce, Operational and Financial.

Following an overview of the strategic initiatives and progress for the year, a summary of outcomes, performance and analysis for each strategic objective is provided on pages 16–34.

Strategic initiatives overview

The eight strategic initiatives introduced in the *ATO corporate plan 2020–21* served as priority areas for 2020–21. They support our focus on the most transformational or significant activities to deliver on our strategic objectives, and fulfilling our aspirations for 2024.

Each of the eight strategic initiatives contribute to multiple strategic objectives, as shown in the diagram below, with the primary objective they contribute to highlighted.

FIGURE 2.1 How our initiatives interrelate with our objectives

Strategic objectives

Our areas of focus to achieve our purpose and vision

G1	We build community confidence by sustainably reducing the tax gap and providing assurance across the tax and superannuation systems
G2	We design for a better tax and superannuation system to make it easy to comply and hard not to
C1	Our client experience and interactions are well designed, tailored, fair and transparent
C2	We work with and through others to deliver efficient and effective tax and superannuation systems
W1	We are a high-performing workforce with a focus on integrity, the right culture, capability and tools to deliver the best client and staff experience
O1	We use data, information and insights to deliver value for our clients and inform decision-making across everything we do
O2	Our technology and digital services deliver a reliable and contemporary client experience
F1	We strive for operational excellence to achieve efficiency and quality outcomes

Strategic initiatives

The key activities we will undertake to deliver our objectives

Deliver government stimulus measures	G1	G2	C1
Establish the Commonwealth Business Registry Service	G1	C1	O1
Improve small business tax performance	G1	C1	O1
Unlock our data potential	G1	W1	O1
Optimise interactions through self-service channels	C1	O2	F1
Strengthen cybersecurity	C2	W1	O2
Focus on what matters most	W1	O1	F1
Embed new ways of working	W1	O2	F1

Our progress in 2020–21

The first six of our strategic initiatives set out below demonstrate our ongoing commitment to transformation and are crucial to realising our 2024 aspirations. Our work on these initiatives in 2020–21 focused on undertaking foundational design work and the development of roadmaps, which positions these items well to further progress in 2021–22.

Focus on what matters most will simplify the way we work, streamline processes and improve our operations to ensure we act quickly and adjust to a changing environment. In 2020–21, we prioritised the key challenges that represent the biggest opportunities for the ATO, including:

- selecting 3–5 enterprise metrics to ensure we focus on what matters most for the ATO
- improving our definitions around client experience ownership and accountability
- understanding and improving end-to-end processes through building on the positive outcomes arising from the Better as Usual program
- increasing the agility of our staff to respond to new and shifting priorities.

Optimise interactions through self-service channels will modernise and streamline client interactions with the ATO. By creating better experiences, we aim to make self-service channels the preferred option for the majority of clients and their agents. In 2020–21 we developed a roadmap to provide a clear vision for our future service. It aims to optimise our services to be simple, helpful and respectful while solving key challenges to drive service evolution beyond 2024. Our new service strategy will see three directional shifts:

- ensure content guides traffic and builds confidence to self-serve
- close the gaps in the ATO's digital self-service ecosystem
- drive transition and adoption of self-service.

Unlock our data potential is about driving improvements in our use of data, information and insights to deliver value for clients and stakeholders, and inform decision-making across everything we do. The *Data and analytics strategic framework*, developed in 2020–21, will position our future data and analytics capability to be data-driven, empower our people to leverage data and ensure we have the right infrastructure. Four emerging capability shifts for the future include:

- strengthen our data foundations
- transform the data and analytics experience
- evolve automation and artificial intelligence
- build our data and analytics organisation of the future.

Improve small business tax performance will ensure greater integrity in the tax and superannuation systems by levelling the playing field to ensure no one has an unfair advantage and making it easier for businesses to participate in the system. We conducted a series of interviews with small businesses, their advisors, and key enabling partners, to gain a better understanding of irritants. These workshops and our collaboration with existing consultative groups provided valuable insights enabling us to co-create potential solutions and address some of the core challenges faced by small businesses now and into the future.

Strengthen cybersecurity is focused on reducing the risk and impacts of cyberattacks, helping to maintain government and community trust and confidence in our management of the significant amount of digital data we hold. In 2020–21, we undertook a benchmark assessment of the ATO's cyber-maturity against the *National Institute of Science and Technology Cybersecurity Framework* and have continued to focus on compliance with the *Australian Cyber Security Centre Essential Eight*. We developed the ATO's Strengthen Cyber Roadmap, which outlines the global and organisational cyberthreat context in which we operate, including the tangible risks. It presents scaled options for cybersecurity investment through to 2024 and outlines opportunities for improvement into three core cybersecurity themes: conforming with requirements, maturing our capability and sustaining organisational health.

Embed new ways of working aims to empower the ATO workforce with the right culture, capability and staff experience. Informed by our changing operating environment, the insights we have gathered through pilots and surveys identified five focus areas to further optimise productivity, mobility, flexibility and agility. During 2020–21, we developed a surge workforce strategy to support different ways of mobilising and structuring our workforce. We are implementing an end-user workspace strategy, which includes updated tools and technology to support contemporary and flexible ways of working. Our wellbeing program has supported staff in managing fatigue through three campaigns: *Going the Distance*, *Keeping Connected* and *Top it Up*.

Deliver government stimulus measures was a significant focus for the ATO in 2020–21 as we continued efforts to support the community through the COVID-19 pandemic. We effectively and efficiently implemented and delivered new and extended government stimulus measures in line with government and community expectations, including JobKeeper Extension 1 and 2 and the JobMaker Hiring Credit. We also continued to deliver the Cash Flow Boost and Early Release of Super. We diverted staffing resources to enable payments to be processed in the shortest available time frames, while applying integrity and risk models designed specifically for the stimulus measures to ensure eligibility criteria were met.

For more details about our performance against this strategic initiative, see G1 on page 16.

Establish the Commonwealth Business Registry Service will see us progressively establish the Australian Business Registry Services (ABRS) to simplify business registration and further unlock the economic and social value of business registry data for Australia. The ABRS will be a custodian of trusted business information and a world-class provider of associated services. In 2020–21, registry functions managed by the Australian Securities and Investments Commission (ASIC) moved to the ATO, marking a major milestone for the Modernising Business Registers program and merging the ATO's Australian Business Register with 31 business registers administered by ASIC.

For more details about our performance against this strategic initiative, see C1: Whole-of-government service delivery on page 21.

Strategic objective: G1 Government

We build community confidence by sustainably reducing the tax gap and providing assurance across the tax and superannuation systems

Performance summary

The ATO aims to provide the community with confidence in our administration of the tax and superannuation systems that support the collection of the right tax at the right time, for the wellbeing of all Australians. We focus increasingly on approaches that help taxpayers to get things right up front, rather than requiring correction later and we balance this approach by taking firm action against those who deliberately do the wrong thing.

Of the eight performance measures for strategic objective G1, we fully met three targets, partially met two and failed to meet three targets (see performance results on page 36).

Supporting the community through the COVID-19 pandemic

A significant focus in 2020–21 was our continued efforts to support the community through the COVID-19 pandemic, including the diversion of resources to deliver stimulus measures and support impacted clients. We also adjusted our compliance approaches in line with government and community expectations.

We worked closely with Treasury to implement new and extended economic stimulus measures to help businesses recover, including JobKeeper Extension 1 and 2 and the JobMaker Hiring Credit. We also continued to deliver the Cash Flow Boost and Early Release of Super.

The government stimulus measures the ATO delivered over the course of the 2019–20 and 2020–21 financial years include:

- JobKeeper Payment scheme – \$88.8 billion in payments made to 1.07 million entities; the measure was finalised on 28 March 2021
- JobMaker Hiring Credit – \$6.6 billion in payments made to around 2,050 entities; the measure is ongoing until 6 October 2022
- Early Release of Super – \$37.8 billion of superannuation was approved for early release to 3.05 million individuals; the measure was finalised on 31 December 2020
- Cash Flow Boost – \$35.7 billion in cash flow boost credits were assessed for around 820,000 businesses (\$35.4 billion paid to 30 June 2021); the measure was finalised on 30 September 2020.

In addition to ensuring eligible participants received the benefit of stimulus measures promptly, another important aspect was acting decisively where taxpayers deliberately sought to claim stimulus they were not entitled to. We applied integrity and risk models, designed specifically for the stimulus measures to ensure that eligibility criteria were met.

Of total payments for JobKeeper, we identified overpayments of \$470 million. Of these overpayments, \$89 million was recovered as at 30 June 2021 from ATO compliance cases and \$91 million was voluntarily disclosed and repaid. An additional \$89 million is being pursued and approximately \$180 million is not being pursued. Amounts recovered after 30 June 2021 will be included as total revenue effects in future years. Total revenue effects for 2020–21 also includes \$274 million of ineligible claims made which were rejected prior to payment, as well as a projected \$763 million of future claims that would have been made without previous ATO intervention. In total, through our compliance activities as at 30 June, we stopped, recovered or prevented around \$1.1 billion in JobKeeper payments and reduced cash flow boost overpayments by around \$97 million. We expedited, and where appropriate, funded litigation cases on JobKeeper and Cash Flow Boost in the Administrative Appeals Tribunal (AAT) and the Federal Court to get clarity on important aspects of these stimulus payments.

Ensuring integrity in the tax and superannuation systems

We continued to focus our compliance efforts on individuals and entities that present a risk to Australia's tax and superannuation systems by intentionally doing the wrong thing.

Our taskforces enable us to focus on areas of significant risk, and achievements for this year include:

- The Tax Avoidance Taskforce exceeded its 2020–21 outcomes for planned liability and cash collections, raising \$3.03 billion in tax liabilities and almost \$1.3 billion in cash collections (apportioned figures).
- The Serious Financial Crime Taskforce raised approximately \$121 million in liabilities and \$145 million in cash collections. The taskforce also launched a public 'Identikit' to inform the community of the impacts of serious financial crime and educate them about the types of criminals they should be aware of.
- The Black Economy program raised \$736.2 million in liabilities and an estimated \$534.7 million in cash collections.
- The Phoenix Taskforce raised \$157.2 million in liabilities and \$68.5 million in cash collections.
- The Superannuation Guarantee Taskforce raised \$49.4 million in liabilities.

During the year, we worked with clients across all markets to ensure the integrity of the tax system, including large public and multinational companies, privately owned and wealthy groups, small businesses, individuals, tax practitioners, and superannuation funds. For example, we:

- extended our program of work with the 'Top 1,000' companies to increase assurance that they are reporting the right amount of income tax and GST and to identify areas of risk for further action – we engaged with over 150 clients through the combined assurance reviews with a total business income of more than \$120 billion
- continued and extended our work with the 'Top 500' and 'Next 5,000' largest and wealthiest private groups to increase assurance that they are reporting the right amount of income tax and GST, and taking further action where we identified areas of risk
- we pursued litigation cases – in the courts and the AAT – that are significant to the integrity of the tax system, including cases involving promoter penalties, freezing orders, and engagement in artificial schemes and egregious conduct to avoid the payment of tax
- continued our small business assurance programs and enhanced our analytics and validation checks, allowing more real-time messages for those using our online services to lodge activity statements, prompting them to self-correct and prevent inadvertent errors prior to lodgment
- expanded the data available in our pre-fill service to include reminders to taxpayers who earn foreign income, and increased reminders to those who invest in cryptocurrency

- ensured the pre-fill service was able to provide JobSeeker amounts to simplify the return process and increase accuracy of individual income tax returns being lodged (JobKeeper amounts paid to employees by their employer were also pre-filled as a part of our regular practice to pre-fill salary and wages)
- delivered the Superannuation Guarantee Amnesty project, which ran from 24 May 2018 to 7 September 2020, providing employers with a one-off chance to catch up on unpaid super
- published data on lost and unclaimed super for greater transparency of the information we hold and to help people locate superannuation money they may have lost track of
- worked closely with stakeholders, including businesses, professional tax associations and the superannuation industry, to implement a range of new superannuation rates and thresholds, including the superannuation guarantee rate, transfer balance cap threshold, and contribution caps.

Strategic objective: G2 Government

We design for a better tax and superannuation system to make it easy to comply and hard not to

Performance summary

The tax and superannuation systems need to continually evolve to remain fit for purpose in underpinning Australia's revenue base. They need to be easy to comply with, transparent in their operations and provide a seamless client experience.

The ATO uses insights from the data we hold and our understanding of our clients to provide advice to Treasury and government on how proposed policies will operate in practice. We apply technical expertise to contribute to the design of new measures, helping to achieve the policy intent while ensuring integrity in the system and making it easy for taxpayers to meet their obligations or claim their entitlements.

The 'influence' measure for strategic objective G2 achieved a rating of very good, meeting the target (see performance measure: Influence on page 36).

Designing for a better tax and superannuation system

Through analysis of revenue implications, administrative and compliance impacts, we provide input into policy and law design, and the development of legislation for new measures. In 2020–21, we contributed policy and legislative advice to two Federal Budgets and the Mid-year Economic and Fiscal Outlook (MYEFO) process, resulting in government announcements of 77 measures impacting the ATO and our clients.

We also share our analytical expertise with Treasury to assist in advice to government and the community and, in 2020–21, we contributed:

- policy costings
- tax data to help with the analysis of economic trends and impacts from stimulus measures
- revenue and expense forecasts, and data on the impact of JobKeeper on the community
- input to the Tax Benchmarks and Variation Statement published by Treasury.

Providing advice and guidance

The COVID-19 pandemic saw some individuals and businesses receive income types they had not received before, such as stimulus payments, income support payments, stand-down payments and redundancies. It also saw a large number of people entitled to different deductions, such as deductions for expenses as a result of working from home and expanded instant asset write-off for businesses.

In recognition of this, we provided additional help and guidance and undertook communication activities to help taxpayers understand how to treat income types, what they were entitled to claim, and how to easily claim entitlements. We used a range of channels to reach the community, including a new *Tax essentials* web page, communications through the media and social media, as well as public and private rulings. In 2020–21, there were 216,000 views of our *Tax essentials* page and we issued 1,045 social media posts, 44 public rulings and 3,977 private rulings.

We also continued our work to build and improve resources for primary and secondary school students about the purpose of the tax and superannuation systems and how the systems contribute to the wellbeing of all Australians. More than 20,000 users across 1,941 secondary schools are registered for our new *Tax, Super + You* website – to be released in 2021–22 – with 531 users across 365 schools registered on the *Paying it forward* website for primary schools.

More information about these resources is available at ato.gov.au.

Strategic objective: C1 Client

Our client experience and interactions are well designed, tailored, fair and transparent

Performance summary

We aim to improve the experience of our clients by interacting with them at the right time, providing certainty in our communication, and making appropriate adjustments for individual circumstances – including those impacted by COVID-19. We are enhancing our online services to meet the growing demand for digital interactions and expanding self-serve options that enable the community to easily manage their interactions at a time that suits them.

Of the two performance measures for strategic objective C1, we fully met both targets.

Supporting clients impacted by COVID-19

This year, we redesigned some of our work and diverted resources to assist clients through the COVID-19 pandemic by providing quicker access to refunds, deferral of lodgments and payments, and providing low-interest payment plans.

Across all of our client groups, we maintained our focus on communicating how to access stimulus measures, tailoring our response to their circumstances, and making it easy for them to comply with their obligations. For example:

- Recognising that the pandemic would result in many people having to work from home for the first time, we made it easier to claim deductions for working from home expenses, extending the 'shortcut' method for the 2020–21 income year. We also made dealing with new payment types easier for our clients by pre-filling information relating to JobSeeker into employees' tax returns, and pre-filling JobKeeper that was passed onto employees by employers as a part of our regular practice to pre-fill salary and wages.
- We issued public advice and guidance to help taxpayers manage the tax implications of the ongoing COVID-19 pandemic, adopting practical and pragmatic approaches. This included guidance on the treatment of rent concessions for tenants and landlords, the residency implications for non-resident employees with unplanned presence in Australia as a result of international travel restrictions (including related guidance on employer obligations), and fringe benefits tax considerations for employers where employees' work patterns had been impacted by COVID-19. We also provided timely guidance on the tax implications of State and Commonwealth government payments and assistance.
- We continued to demonstrate our commitment to supporting small businesses, ensuring all clients with in-progress audits were contacted, either directly or through their agents, and offered assistance. Our engagements were tailored and where clients advised us of COVID-19-related impacts, we offered support and additional time in consideration of their circumstances. Our key message was that help is always available to small businesses that need it and are willing to engage with us.
- We committed to swift resolution of disputes that arose from the coronavirus economic response packages by prioritising the resolution of stimulus objections. This ensured members of the community had certainty on their eligibility and information on alternative support available.

- For tax practitioners, we acknowledged the challenges they faced in managing their clients' lodgment obligations in the context of accessing stimulus payments. We implemented a range of practical support options, including access to a tailored lodgment program, penalty relief for late lodgments, and the ability to assist their clients to enter into flexible payment plans online.
- We streamlined application processes to obtain excise permits and licences for the production of alcohol-based hand sanitiser; relaxed licensing requirements for the sale of takeaway alcoholic beverages; and deferred excise payment by petroleum and alcohol companies, consistent with deferrals of other taxes during COVID-19.

Given the significant impact of the pandemic on the community, we adjusted our debt collection approaches in three phases to enable clients to get back on track:

- Help and assist – focusing our interactions on understanding the client's circumstances and providing the appropriate support
- Advice about future action – gradually reintroducing messages about potential future action for clients who continue not to engage
- Additional action – recommending firmer and stronger actions where appropriate, having regard to the client's circumstances.

Our approach is based on 'knowing our clients' and assisting them to get it right, every time.

Better as Usual

We continued our Better as Usual program, which focuses on improving the end-to-end client experience, recognising that a single person may be interacting with us at different stages in a process, or in different roles. In its second year, the program drove continuous, systemic and sustained improvements to our internal processes, enhancing both the client and staff experience.

We finalised reviews of over 50 ATO activities that have the highest client impact, and incorporated safeguards into processes to prevent unintended consequences to our clients. We also set up enduring review mechanisms to maintain oversight, especially when processes change, or new processes are developed.

Through increased engagement and reporting, our Complex Issues and Cases Program team brought additional visibility and objectivity to our most complex and contentious cases, ensuring we have a holistic and tailored approach to resolving issues for those cases that don't fit neatly within our standard processes.

We continued to drive system enhancements, to improve outcomes for our staff and clients, increasing our visibility of the impacts of our action across all our interactions with clients. This year we also increased our emphasis on keeping good notes and records of evidence, to reduce rework and ensure that 'downstream' steps are efficient and effective for our clients and the ATO.

Having piloted our review approach, in 2021–22, we will focus on establishing an Enterprise Performance Improvement Centre to drive further improvements to our business processes.

Improving the online client experience

In 2020–21 there was a significant increase in client interactions with our online services – including income tax returns, early release of super applications, JobKeeper and Cash Flow Boost – and 1 July 2020 saw the highest number of online lodgments in our history, with 740,000 processed. We boosted our capacity to ensure clients could easily access our online services when they sought to, including during peak times.

In April 2021, we launched Online services for business, our replacement for the Business Portal and electronic superannuation audit tool (eSAT). Following extensive consultation and testing with the business community and approved self-managed superannuation fund (SMSF) auditors, this contemporary and easy-to-use digital platform provides a secure channel for businesses to manage their tax and superannuation obligations. It can be accessed on multiple devices and introduces new features, including functionality for users to:

- organise a payment plan
- obtain copies of income tax returns
- view communication history
- use 'switch ABN' to access all businesses a client manages with a single log in
- lodge auditor contravention reports (ACRs) and audit complete advices (ACAs), including bulk ACA lodgments through the secure mail channel.

Whole-of-government service delivery

The ATO is the lead delivery agency for the Modernising Business Registers program which will progressively bring together more than 30 ASIC registers and combine them with the Australian Business Register on a new single platform.

These modernised registry services will be provided through the Australian Business Registry Services (ABRS). The ABRS supports streamlined business registry interactions and maintains trusted registry data used to unlock social and economic value for the Australian community.

For more information on the ABRS, see **Program 1.3 Australian Business Registry Services**.

Single Touch Payroll enhancements

As at 30 June 2021, 782,000 employers are reporting through Single Touch Payroll (STP), covering 12.7 million employees. During Tax Time 2020, we received 17.4 million income statements from 719,000 employers on behalf of 12.3 million individuals, some with multiple employers.

This year we continued to improve STP by:

- strengthening STP data sharing with Services Australia to support more efficient administration of the social security system
- deploying a whole-of-government solution for agencies to automatically exchange data, resulting in improved client services.

STP Phase 2 reporting becomes mandatory from 1 January 2022 when the service will be expanded to include additional payroll information from employers. This expansion will reduce the reporting burden for employers who need to report employee information to multiple government agencies. It will also make it easier for people to claim their entitlements.

The ATO's STP communications campaign was recognised through the 2020 Australian Marketing Institute Awards for Marketing Excellence, as ACT state winner in the category for 'Integrated Marketing Communications Program', demonstrating the effectiveness of our strategies to support Australian employers to transition to STP.

More information about STP is available at ato.gov.au/STP.

Strategic objective: C2 Client

We work with and through others to deliver efficient and effective tax and superannuation systems

Performance summary

The ATO works to maintain strong relationships with tax practitioners, digital service providers, relevant industries, other government agencies and international partners, recognising their roles in helping us to deliver efficient and effective tax and superannuation systems for all Australians. We also co-design policy changes and develop guidance with the APRA fund industry to ensure the effectiveness of superannuation initiatives.

The 'working together' measure for strategic objective C2, met the performance target with a result of 71%.

Engaging with tax practitioners

Our engagement programs for tax practitioners are designed to foster strong working relationships and help us understand tax practitioners' needs and areas of concern. This enables us to make improvements and tailor our interactions and services to meet those needs.

Our supported lodgment program offers tailored support to registered tax agent and BAS agents (registered agents) where their practice has been affected by issues such as illness, loss of a key staff member, or COVID-19. We also undertook an extensive communications program to help tax practitioners understand stimulus measures and how their clients could access these measures, and how to treat the various types of payments received or expenses incurred as a result of the pandemic.

Following the release of Online services for agents in 2019, we continue to build contemporary solutions and digitise more of our outbound communications. Over 40% of registered agents are now using our communication preferencing service, enabling them to receive digital correspondence on behalf of their clients. Over one million pieces of correspondence have been delivered to registered agents digitally since the service was deployed in early 2020. In 2021–22, we will deliver work to allow digital service providers to build this functionality into their software, supporting agents to manage their client communication through their natural systems.

Working with the Tax Practitioners Board

Our strategy to address high-risk registered agents includes working with the Tax Practitioners Board (TPB) to share intelligence early and to ensure that behaviours of the highest risk agents are addressed. During 2020–21, we shared over 770 referrals (both evidence-based and intelligence-based) and recorded almost 1,700 information exchanges.

Tax practitioners played an important role in supporting their clients to access stimulus measures. When the measures were implemented, the ATO identified a risk that a small number of tax practitioners might seek to misuse or inappropriately access stimulus payments on behalf of their clients or for themselves. We worked directly with 457 tax practitioners identified as higher risk and undertook reviews of their clients' stimulus claims. In some rare cases, tax practitioners were seeking to manipulate their clients' or their own position to gain access to or increase their entitlements. In reviewing the effectiveness of this strategy, it was identified that claims made by these tax practitioners reduced following our engagement. Where concerning behaviour was uncovered, these matters were referred to the TPB.

Digital service providers

We partner with, and provide valuable support to a growing number of digital partners, including digital service providers (DSPs), other government agencies, third parties, and industry representatives. We co-design future digital solutions with our partners to improve the tax and superannuation experience for the community throughout the various stages of software development.

We understand the demands on industry and engage early with DSPs to ensure time frames and impacts are considered when we are designing tax and superannuation solutions. As part of this, our Digital Partnership Office provides critical and specialised support to industry to ensure they can successfully adopt, develop and consume ATO digital services and ATO-maintained 'whole-of-government' services.

The work we undertake with our digital partners and their representatives serves as a key element of our success in building better tools for clients, whether they deal with us via ATO online services or through commercial software.

We collaborate with our partners on the design of future services and to improve the operation of the tax and superannuation systems. Comprehensive support is also provided to DSPs by:

- providing 'on-boarding' and technical support throughout their full software development lifecycle – design, build, test, certify and live production incident management
- implementing support for new projects and digital services
- sharing important research and intelligence with our partners to inform the strategic direction of our digital offerings for the community
- informing about upcoming consultations and engagements (many of which the ATO leads and facilitates)
- supporting the broader industry via presenting important information at industry events.

This year we supported over 550 DSPs and conducted over 100 consultation exercises to collaborate and co-design new services, including JobKeeper Payment Scheme extension, JobMaker Hiring Credit scheme, Modernising Business Registers, STP Phase 2, Digital Services Gateway, Tax Time 2021 and SMSF Rollover version 3.

We also consulted with over 50 DSPs to undertake a review of the DSP Operational Security Framework, resulting in an improvement to our security requirements and reducing the risk of exposure of ATO client data through application programming interfaces. As part of this, we established a set of minimum requirements for tax practitioners to uplift client verification processes.

Our proposed future changes (including the introduction of a 'Strategic Partner' model) will ensure we are well placed to continue supporting and engaging DSPs, and to work together on our future service offerings.

International partnerships

We continue to build strong relationships with international tax administrators through our membership of the Organisation for Economic Co-operation and Development (OECD). This includes the Commissioner of Taxation's role as a Vice Chair of the OECD's Forum on Tax Administration (FTA), and active participation in the Forum of Heads of Tax Crime Investigation and Joint International Taskforce on Shared Intelligence and Collaboration (JITSIC) initiative. The ATO continues to work closely with Treasury and the OECD on tax challenges arising from the digitalisation of the economy.

The 13th FTA Plenary Meeting was held virtually in December 2020 and brought together 53 advanced and emerging tax administrations from across the globe. As a result, the heads of tax administration agreed on global actions to meet the current economic and administrative challenges; including an ambitious agenda for the next year focused on enhancing resilience, tax certainty and the digital transformation of tax administrations.

The ATO is also a member of the Joint Chiefs of Global Tax Enforcement (J5) alliance, which continues to support the development of a shared understanding and approach to addressing serious financial crime internationally. In February 2021, the J5 met to discuss priority areas, including:

- global tax crime initiatives
- enablers of offshore tax crime and associated financial crimes
- abuses of virtual currencies
- advances in data platforms.

The annual J5 Challenge was held in March 2021, with the ATO, AUSTRAC and Australian Federal Police (AFP) participating on behalf of Australia. This year the event focused on identifying new and innovative ways to investigate and treat cybercrime threats in the cryptocurrency and FINtech (financial technology) sectors. This international collaboration is necessary to understand and respond to threats, allowing J5 agencies to leverage each other's information, powers and capabilities.

This year, the Criminal Investigation Division of the US Internal Revenue Service (IRS) seconded an officer to the ATO-led Serious Financial Crime Taskforce, with arrangements including liaison with the Australian Crime Intelligence Commission (ACIC) and AFP. This secondment demonstrates the strength of our collaboration and the relationship between Australia and the US through the J5.

Strategic objective: W1 Workforce

We are a high-performing workforce with a focus on integrity, the right culture, capability and tools to deliver the best client and staff experience

Performance summary

We provide staff with the right tools, communication and support to enable them to focus on delivering for the community. Our workforce strategies aim to create a positive culture that is underpinned by integrity and is agile and responsive to the changing environment. The high engagement results we achieved in the Australian Public Service (APS) Employee Census 2021 show that our efforts have been effective. We also maintained our overall wellbeing index score, indicating our workforce support strategies served our people well through a uniquely challenging time.

Of the four performance measures for strategic objective W1, all targets were fully met.

Supporting staff to adapt to changing ways of working

A focus for 2020–21 was supporting our workforce to work in responsive and contemporary ways, ensuring they continued to deliver for the community whilst adapting to changes in our environment due to the COVID-19 pandemic. Our approach to supporting our staff through these changes has ensured that we were able to maintain record levels of employee engagement and perceptions of wellbeing.

In 2020–21 we:

- equipped our workforce to work more flexibly and to move to different work, as community needs and our priorities changed
- supported staff to undertake critical work for other government agencies as part of the APS Surge Reserve workforce
- piloted a hybrid mix of working from the home and office in locations where COVID-19 restrictions had eased and staff were able to return to the office
- placed emphasis on mental health, including introducing a new resource hub with practical tools and tips for employees and managers
- helped staff to stay connected by supporting our leaders to manage remote working effectively, and by keeping them informed through targeted, timely, and clear communication
- introduced new tools to assist remote working and virtual collaboration, including improving call and video functionality from ATO devices
- partnered with the Department of Home Affairs to lead a project on behalf of the APS Chief Operating Officers (COO) Committee to form a position on how the APS should develop work arrangements and workspaces into the future.

Our efforts to provide a safe and healthy work environment through the COVID-19 crisis were recognised in the 2021 Comcare National Work Health and Safety Awards, as joint winner of the Prevention Award, for demonstrating outstanding success in 'Creating a safer workplace together'.

Driving positive cultural change

To ensure our ongoing ability to deliver on the needs and expectations of government and the community we continued to strengthen our culture by shaping everyday practices that align with our cultural traits. Our continued focus will guide our workforce to achieve a culture that builds trust and confidence through improving the client and staff experience.

Integrity underpins our culture, and is at the forefront of everything we do. In March 2021, we implemented a new 'Speak Up' initiative to help empower staff to raise concerns and report potential integrity issues through a simple process.

We continue to strive towards creating a workplace culture where diversity and inclusion are valued and nurtured. The ATO was recognised for this important work through the Australian Workplace Equality Index Awards 2021, with 'Gold Employer' status for the fourth time.

Transforming our workforce capability

Workforce capability is fundamental to positioning the ATO and APS to service the community. Building on the recommendations of the APS Review, the Australian Public Service Commission (APSC) established a number of APS professional stream strategies. This approach has been designed to increase capability in critical disciplines and functional areas. The APS Data Professional Stream was launched in September 2020, following the Digital Professional Stream and the Human Resources (HR) Professional Stream during 2019–20. ATO Chief Operating Officer Jacqui Curtis leads the HR Professional Stream and the building of HR capability across the APS.

Underpinned by our 2024 Workforce strategy and Capability framework, the ATO has adopted a professional stream approach, which is aligned to the APS workforce initiatives. This approach provides guidance and strategic direction on workforce capability strategies across ten ATO professional streams and helps to:

- identify capability gaps and requirements
- target capability investment
- shape tailored career and learning pathways for staff in each professional stream.

To support our professional streams and build a talent pipeline that positions us to continue serving the community into the future, in 2020–21 we:

- conducted a successful pilot of a new Indigenous entry level development program, 'Jumpstart'
- engaged the largest ATO graduate intake of over 440 graduates in February 2021
- delivered the ATO's flagship talent development programs to 88 senior leaders at the senior executive service (SES) and executive level (EL) 2 classifications
- delivered a refreshed and contemporary mandatory training package ensuring our staff understand their obligations in relation to safety, security and diversity
- piloted a suite of new courses that provide staff with micro-credentials in key areas of development, including data literacy, leadership and management
- delivered a new cybersecurity training package to increase awareness of the key role that ATO leaders play in protecting our data and systems
- delivered dedicated COVID-safe workplace support – providing guidance about self-care and safety and management when working remotely and in the office
- conducted targeted programs and staff engagement campaigns to assist staff to maintain their wellbeing, engagement and resilience through the pandemic.

Strategic objective: O1 Operational

We use data, information and insights to deliver value for our clients and inform decision-making across everything we do

Performance summary

Investment in our data and analytics capability is critical to achieve our 2024 aspiration to be data-driven, streamlined and integrated. The ATO holds and has access to a wealth of data which we use to make it easier for people to comply with their obligations, and hard not to.

Our Unlock Data Potential strategic initiative is focused on improving the way we collect, manage, share and use data, to build confidence and drive actions that maximise value for the ATO and the community. To help us achieve this, we are strengthening our infrastructure to ensure the right data is available for our staff and clients, that we have the right tools and capabilities to understand and use the data in innovative ways, while ensuring the use of our data is ethical and soundly governed.

The measure for strategic objective O1 fully met the performance target.

Delivering high quality services

Data and analytics enable us to engage early with clients to help them get things right from the start and to identify those who are not doing the right thing. In 2020–21, we used our data and analytics technology to pre-fill over 85 million pieces of data, including information relating to COVID-19 support measures for employees. We also:

- issued 97% of JobKeeper payments within four days with the help of online eligibility checks
- made over 160 data exchanges with federal and state government agencies to support their response to COVID-19
- validated over 100 data files to help financial institutions consider refinancing loan applications from small businesses as part of the COVID-19 Banking – Bridging Finance JobKeeper Enrolment Data Matching legislated work program
- prevented over 240,000 ineligible entities from receiving cash flow boost credits using our system-based checks
- provided over 360,000 real-time prompts to taxpayers to check amounts in their 2019–20 income tax returns, resulting in an estimated \$41 million revenue protected, as well as saving those taxpayers from subsequent compliance action and the risk of penalties
- sent over 140,000 nudge messages to clients to consider the tax consequences of their cryptocurrency sales.

Improving data and analytics capability

We continued to improve the capability of our staff and provided tools for them to better access, analyse and use data. This year we:

- delivered CbC Interact, a tool that makes unstructured data from country-by-country (CbC) reporting statements discoverable, accessible and usable for staff – this has expanded the data available for analytics and reduced manual effort in analysing the information
- successfully piloted tertiary-level data literacy micro-credentials, with 103 staff receiving credits towards a graduate certificate program.

We also actively participate in the APS Data Professional Stream. The stream will lift the capability of the APS workforce to generate deeper insights from data to inform decision-making in policy development, program management and service delivery. We are the agency lead for the data roles initiative for this stream, which involves reviewing and refreshing the data and analytics job profiles.

Improving data sharing governance

We take an active role in data sharing across all levels of government. For example, we provided data on Single Touch Payroll and stimulus measures to the Department of Treasury and the Australian Bureau of Statistics to provide broader insights into the economic impacts of COVID-19. We also provided data to Services Australia enabling them to deliver services to the community and ensure appropriate access to COVID-19 related financial assistance.

We are collecting more data than ever before, and understand the Australian community continues to be concerned about how large organisations use, manage, draw insights from and share their data. To help maintain community trust and confidence, in June 2021 we published six ATO data ethics principles. These principles will guide how we conduct data and analytics activities and share data with other agencies. The data ethics principles are included in the ‘Safe, secure and inclusive’ mandatory training for staff, which is refreshed annually.

More information about how we use data and analytics is available at ato.gov.au/dna.

Strategic objective: O2 Operational

Our technology and digital services deliver a reliable and contemporary client experience

Performance summary

Meeting community expectations that our systems will be secure and available when required is now more important than ever. We have been focused on investing in secure infrastructure, making more of our services available digitally, and boosting capacity amidst unprecedented demands through our administration of the economic stimulus programs.

The 'availability' measure fully met the performance target.

Designing systems and digital services to meet increasing demands

In 2020–21, we increased capacity in our systems to meet the expected surge in demand for our services. This helped to ensure those already facing financial hardship and many other challenges, could quickly and easily access economic stimulus and any tax refunds they were entitled to.

On the first day of Tax Time 2020, we processed more than 740,000 lodgments received via our online service channels (including income tax returns, early release of super, JobKeeper and Cash Flow Boost) – a remarkable increase of more than seven times the 100,000 lodgments processed on the same day in the previous year.

Our Optimising Interactions strategic initiative is focused on creating better services and making self-service channels the preferred option for the majority of our clients and their agents. This year, we invested in optimising our online self-help content to make it easier to access via search engines and worked with Services Australia to encourage the use of ATO self-service channels. This included:

- promoting the ATO's online calculators via the myGov digital assistant
- directing clients to the ATO website and online tools from the Services Australia website
- ensuring tools and calculators are easily visible on the ATO website.

More information about self-help services is available at ato.gov.au.

Providing secure and integrated online services

In 2020–21 we continued to invest in myGovID, providing online users with an easy and secure method of proving their identity online and helping them to better protect their identity and data. We expanded client access to myGovID by including Australian citizenship certificates and ImmiCards as accepted identity documents, enabling clients to achieve a greater online identity strength.

Other improvements included renewing the myGovID credential and making accessibility improvements to support screen readers in iOS and Android.

The Digital Identity program has been a critical enabler to support individuals and businesses to access a range of government online services and stimulus measures. By the end of 2020–21, there were:

- 3.5 million downloads of myGovID
- 2.7 million myGovID accounts created
- 1.3 million unique Australian business numbers (ABNs) linked in RAM
- 1.9 million ABN authorisations established in RAM.

Investing in cybersecurity

We continue to invest in a multilayered cyber-defence capability that ensures adherence to privacy legislation, maintains data integrity, and promotes our vision of building community trust and confidence. This year we deployed Secure Internet Gateway (SIG), a security system that controls access into and out of the ATO via the internet, protecting our systems from malicious programs and viruses.

The ATO's Cyber Resilience program provides greater protection of our client data from breaches and cyberthreats. In August 2020, the government launched *Australia's Cyber Security Strategy 2020* – to sharpen focus on protecting government networks from the growing threat of malicious cyber-activity. A Cyber Hub Pilot is planned for 2021–22. The ATO has established connections with the three agencies involved in the pilot (Department of Home Affairs, Department of Defence and Services Australia) – and will use the insights and learnings to help shape and inform our future transition to the Hub's model.

Strategic objective: F1 Financial

We strive for operational excellence to achieve efficiency and quality outcomes

Performance summary

We continue to drive operational excellence through considered investment decisions and strategies intended to ensure our enterprise systems and practices evolve with technological advancements. This supports our ability to meet client expectations in a cost-effective way and deliver on our priorities for the community on time and within budget.

Of the two performance measures for strategic objective F1, we fully met both targets.

Improvements through innovation and change

Innovation is recognised as a core skill across the ATO and this year's theme – 'delivering differently' reflected our outcomes-focused response to the ongoing COVID-19 environment. As part of our 'Innovation month' initiative, we released an innovation skills companion – a centralised resource for staff to further develop their knowledge and skills in how to be innovative and make improvements.

We foster a continual improvement mindset, looking for ways to eliminate irritants in our systems and processes. In 2020–21, we implemented Identity Manager, which automates staff access checks and helps to assure the integrity of ATO systems. Identity Manager also improves the staff experience by providing close to real-time updates, and notifications for managers to review accesses.

Our 'Focus on what matters most' initiative is about ensuring we work on the highest value activities. In 2020–21, this program focused on identifying 'challenge areas'. Work has commenced to address the challenges and will be a focus for 2021–22. This work includes:

- creating and embedding a small set of enterprise metrics with ambitious targets
- developing an Enterprise Performance Improvement Centre to drive greater effectiveness and efficiency
- developing a new measurement system to capture work and activities on an end-to-end basis
- reviewing key accountabilities for delivering client outcomes.

Developing our strategic procurement capability

In December 2020, the ATO received a Bronze award in the 'Building Entity Capability' category of the 2020 Commonwealth Procurement Awards for Excellence, recognising our work in developing procurement and contract management training programs that are readily accessible, fit-for-purpose and tailored to staff needs.

We continue to develop these programs and invest in our strategic procurement capability by using a blend of internal and external solutions to remain up to date with policy and legislative requirements and industry best practices. This reflects our commitment to delivering contemporary procurement outcomes and maintaining the integrity of our processes.

Financial management in a dynamic environment

The ATO maintained strong fiscal discipline throughout the year and managed resources within budget during challenging circumstances.

We supported the government's stimulus initiatives in response to the COVID-19 pandemic through ramped-up recruitment and expenditure on our contingent workforce, while redeploying some existing experienced staff to deliver for the community. This approach provided:

- greater flexibility in capacity and extended working hours to support the community
- national distribution of the workforce across our various locations
- access to newly trained employees to manage workload pressures.

We continued to focus on supporting investment in change to underpin the ATO's 2024 Strategy, government initiatives and our business as usual work. This included:

- access to specialised capabilities required to deliver on new government initiatives, including stimulus measures, the data centre relocation and Modernising Business Registers
- funding for change investment, governed through the ATO's Strategy and Integration Committee with appropriate planning, project management and benefits realisation
- centralised financial management and governance through the ATO's Resource and Investment Committee.

Performance results overview

The ATO has 20 measures for Program 1.1 to demonstrate how well we are achieving our purpose. These are set out in the Australian Taxation Office Budget Statements in the Treasury Portfolio Budget Statement (PBS), and in the *ATO corporate plan 2020–21*.

Our results for 2020–21 reflect a balanced performance in a challenging year where our focus was rightly on supporting the Australian community. This resulted in some performance targets for more traditional compliance programs not being met while we redirected our efforts to delivering the government's stimulus package and ensuring quality services to the community throughout Tax Time 2020.

The performance targets for ATO measures were fully achieved for 15 measures, substantially achieved for two measure(s), and not achieved for three.

In 2021–22, we will build on the progress we have made this year, continuing to support Australia's economic recovery, serving our clients through these difficult times, and administering the tax and superannuation systems for the benefit of all Australians.

The intention of the annual performance statement is to report on the performance criteria included in the PBS and corporate plan to accurately reflect the performance of the ATO in achieving its purpose. In considering our overall assessment of fostering willing participation we look at:

- the complexity of the tax and superannuation environment and how our activities influence the behaviour of clients in meeting their obligations
- the interrelated nature of performance criteria – results should be viewed as a suite of indicators, rather than in isolation
- the use of estimates for some criteria.

It is also important to look at trends in the results over time, both in absolute terms and relative to the performance target for the relevant year. We assess our performance targets annually to determine where existing results are expected to be maintained and where future performance is expected to be stronger – as well as where targets may need to be revised to better reflect the current environment. We will continue to monitor and assess performance as we build on the outcomes achieved to date.

Performance results

Our performance criteria are set out on pages 196–200 of the *Australian Taxation Office Budget Statements* (in the Treasury PBS), and pages 5 and 14–15 of the *ATO corporate plan 2020–21*.

TABLE 2.1 Performance results, 2018–19 to 2020–21

Performance criterion	Source	Results			Target
		2018–19	2019–20	2020–21	2020–21
G1: We build community confidence by sustainably reducing the tax gap and providing assurance across the tax and superannuation systems					
Confidence – Community confidence in the ATO	PBS 196 CP 5, 14	65/100 ●	66/100 ●	68/100 ●	65/100
Registration – Proportion registered in the system	PBS 197 CP 5, 14				The ATO aims to ensure that all entities required to participate in the tax and superannuation system are registered on the ATO client register
▪ companies		66.1% ●	66.1% ●	66.3% ●	
▪ individuals		105.9% ●	106.0% ●	106.5% ●	
Lodgment – Proportion lodged on time	PBS 197 CP 5, 14				
▪ activity statements		76.9% ●	74.6% ●	71.0% ●	78% activity statements
▪ income tax returns		83.5% ● (2017–18 returns)	83.9% ● (2018–19 returns)	83.3% ● (2019–20 returns)	83% income tax returns
Payment – Proportion of liabilities paid on time by value	PBS 197 CP 5, 14	89.9% ●	88.7% ●	88.0% ●	88%
Correct reporting – Tax gap as a proportion of revenue	PBS 197 CP 5, 14	See 2018–19 annual report (page 50) for detailed information	See 2019–20 annual report (page 62) for detailed information	See page 60 for detailed information ●	Reduce the gap to a level as low as practicable given the nature and complexity of the law and the resources available
Debt – Ratio of collectable debt to net tax collections	PBS 197 CP 5, 14	5.7% ●	6.7% ●	8.3% ●	Below 5.5%
Total revenue effects – Tax revenue from all compliance activities	PBS 198 CP 5, 14	\$15.3b ●	\$13.7b ●	\$11.5b ●	\$15b
Tax assured – Proportion of the tax base where the ATO has justified trust that tax paid is correct based on the proportion of income, deductions and tax offsets assured	PBS 198 CP 5, 14	See 2018–19 annual report (page 52) for detailed information	47.6% ● (2017–18 year) See 2019–20 annual report (page 65) for detailed information	45.5% ● (2018–19 year) See page 63 for detailed information	Increase the proportion of the tax base where the ATO has justified trust to a level as high as practicable given the nature and complexity of the law and resources available
G2: We design for a better tax and superannuation system to make it easy to comply and hard not to					
Influence – Government and Treasury perceptions of the ATO and the quality of our advice	PBS 198 CP 5, 14	Good ●	Very good ●	Very good ●	Good

TABLE 2.1 Performance results, 2018–19 to 2020–21 *continued*

Performance criterion	Source	Results			Target
		2018–19	2019–20	2020–21	2020–21
C1: Our client experience and interactions are well designed, tailored, fair and transparent					
Compliance cost – Adjusted median cost to individual taxpayers of managing their tax affairs	PBS 198 CP 5, 15	Unchanged ^(a) (2017–18 returns)	2.5% decrease (2018–19 returns)	3.0% decrease ^(b) (2019–20 returns)	Remain steady
Digital – Proportion of inbound transactions received digitally for key services	PBS 198 CP 5, 15	89%	91%	94%	90%
<ul style="list-style-type: none"> ▪ income tax returns ▪ activity statements ▪ tax file number (TFN) registration ▪ payment arrangements ▪ ABN registrations ▪ role registrations ▪ ABN cancellations ▪ DASP applications ▪ role cancellations ▪ TPAR lodgments ▪ Client Register updates 		97%	98%	98%	
		85%	88%	92%	
		97%	97%	98%	
		28%	48%	52%	
		100%	100%	100%	
		75%	70%	76%	
		67%	62%	66%	
		100%	100%	100%	
		81%	77%	73%	
		36%	64%	83%	
		–	90%	92%	
C2: We work with and through others to deliver efficient and effective tax and superannuation systems					
Working together – Partner perceptions of how the ATO is working together with them to administer the tax and superannuation systems	PBS 198 CP 5, 15	64/100	67/100	71/100	Equal to or better than the 2018–19 result
W1: We are a high-performing workforce with a focus on integrity, the right culture, capability and tools to deliver the best client and staff experience					
Culture – Level of employee engagement ^(c)	PBS 199 CP 5, 15	6.9/10 (72%)	78% ^(c) (76%) ^(d)	76%	Equal to or better than the average result for large agencies
Gender equality – Female representation in the following classification levels	PBS 199 CP 5, 15				
<ul style="list-style-type: none"> ▪ senior executive service (SES) 		44.9% female 55.1% male	46.6% female 53.4% male	46.9% female 53.1% male	Approx. 50% of SES
<ul style="list-style-type: none"> ▪ executive level (EL) 		49.1% female 50.9% male	50.2% female 49.8% male	50.9% female 49.1% male	Approx. 50% of EL staff
Indigenous representation – Proportion of ATO staff who identify as Indigenous	PBS 199 CP 5, 15	2.5%	2.3%	2.9%	2.5%
Staff experience – Employee perceptions around whether they have access to the tools and resources needed to perform well ^(c)	PBS 199 CP 5, 15	63%	86% ^(c) (73%) ^(e)	72%	Equal to or better than the average result for large agencies

TABLE 2.1 Performance results, 2018–19 to 2020–21 continued

Performance criterion	Source	Results			Target
		2018–19	2019–20	2020–21	2020–21
O1: We use data, information and insights to deliver value for our clients and inform decision-making across everything we do					
Tax returns – Proportion of pre-filled data items unchanged	PBS 199 CP 5, 15	87.9% ●	87.1% ●	89.5% ●	85%
O2: Our technology and digital services deliver a reliable and contemporary client experience					
Availability – Key digital systems availability	PBS 199 CP 5, 15	99.5% ●	99.7% ●	99.9% ●	99.5% (excluding planned outages)
F1: We strive for operational excellence to achieve efficiency and quality outcomes					
Budget – ATO manages its operating budget to balance	PBS 200 CP 5, 15	0.1% deficit ●	0.2% surplus ●	1.2% surplus ●	+/- 0.6% of budget allocation
Cost of collection – Cost to collect \$100	PBS 200 CP 5, 15	\$0.71 ● (incl GST)	\$0.66 ● (incl GST)	\$0.57 ● (incl GST)	Consistent with trend
		\$0.64 (excl GST)	\$0.62 (excl GST)	\$0.54 (excl GST)	

● Target achieved ● Target substantially achieved ● Target not achieved ● Result or target not available
– = New, not previously reported in the annual report for the given years

Notes

- The unchanged result for 2018–19 reflects a 0.2% increase in the adjusted median.
- The calculation changed in 2020–21 to include only the 'Other expenses incurred in managing tax affairs' component of the relevant income tax return label. Using the previous method, the adjusted median is a 2.4% decrease.
- Due to the APSC-administered 2020 APS Employee Census being postponed from May–June to October–November 2020, the ATO result recorded for 2019–20 drew on the internally administered all-staff Pulse survey conducted in June 2020.
- The delayed 2020 APS Employee Census results when released in January 2021 reported ATO employee engagement of 76%, which was above the benchmarks of larger operational agencies and extra-large agencies (+4%) and the overall APS (+3%) (meeting target).
- The delayed 2020 APS Employee Census results when released in January 2021 reported a result of 73%, which was above the benchmarks of larger operational agencies and extra-large agencies (+8%) and the overall APS (+7%) (meeting target).

Results analysis**Confidence – Community confidence in the ATO**

Community confidence in the ATO was tracking above target throughout the 2020–21 financial year.

In the first quarter, confidence was at its highest ever point of 70/100, reflecting our ability to deliver COVID-19 stimulus packages, while maintaining the quality of the tax and superannuation systems. The results reduced slightly over the next three quarters to 67/100 for quarter four.

The overall confidence score for 2020–21 was 68/100, which is higher than the 2019–20 score of 66/100, and above the target of 65/100.

Registration – Proportion of companies and individuals registered in the system**Companies**

This measure compares the number of companies registered by the ATO to the number of companies registered by the Australian Securities and Investments Commission (ASIC).

Not all companies that are registered with ASIC have taxation and reporting requirements, due to the nature of their corporate structure or if they are not yet operational. Therefore, the proportion is always expected to be well below 100%. The result remains fairly stable this year, with no significant change when compared to 2019–20. This is expected, as the ATO ASIC Registered Company client population continues to trend in line with Active Company Registrations data direct from the ASIC website.

Individuals

This measure compares active Individual clients (aged 15–64) in the ATO Client Register, to the Australian Bureau of Statistics (ABS) Estimated Resident population within the same age group.

The trends in registration of individuals are closely aligned to population growth.

The proportion remains fairly stable, with no significant change over the previous 12 months. The proportion is always expected to remain above 100% for the following reasons:

- The ATO's definition of a 'resident' captures a greater number of people than the ABS estimated 'resident' population, because the duration of time spent in Australia to be considered a resident by the ATO is shorter than that required for the ABS definition.
- The ATO currently has difficulties identifying and deactivating tax file numbers (TFNs) for expatriates, resulting in unused TFNs within the system. This is due to the ATO not currently receiving information relating to expatriates exiting the country.

Lodgment – Proportion of activity statements and income tax returns lodged on time

Activity statements

On-time lodgment performance for 2020–21 activity statements due at 30 June 2021 was 71.0%. This is 3.6 percentage points below the 2019–20 end-of-year result and 7 percentage points below the end-of-year target of 78%.

Although the number of activity statements lodged has been increasing steadily, the on-time lodgment rate has declined due to the number of entities that are still expected to lodge. We are working to identify these entities to ensure our lodgment on time measure is reflective of only those required to lodge.

We are also continuing to address outstanding activity statements and seeking to influence on-time lodgment through the GST compliance program.

Income tax returns

On-time lodgment performance for 2019–20 income tax returns finished the year at 83.3%. This is 0.3 percentage points above the end-of-year target of 83%.

The majority of clients are engaged and compliant with their income tax lodgment obligations. There has been a trend of gradual improvement in the number of income tax returns lodged on time over the last few years, which has been driven by ongoing improvements in end-to-end strategies, including tax time messages, an increase in the quantity and timeliness of pre-fill data, and tailored client engagement designed to encourage a change in lodgment behaviour. There has also been an increase in the proportion of individuals lodging before the due date to access the low and middle income tax offset.

Payment – Proportion of liabilities paid on time by value

At 30 June 2021 results show the proportion of liabilities paid on time by value was 88.0%, which is 0.7 percentage points lower than the same time last year. This decrease in performance is reflective of the broader economic environment, which continues to be impacted by the COVID-19 pandemic. However, this result met the target of 88% indicating the majority of the community who have the capacity to pay, continue to meet their obligations on time.

Correct reporting – Tax gap as a proportion of revenue

For 2018–19, we estimate the overall net tax gap to be 7.3%, or \$33.5 billion, meaning the ATO received more than 92% of tax revenue it expected to collect, the bulk of which was collected voluntarily. This result is in line with our expectations.

We are also publishing the four-year trend as a part of our ongoing commitment to provide more transparency into the operation of the tax and superannuation systems. The net tax gap is trending downwards over this four-year period, even with the slight increase in the latest year.

For tax gaps, we always caution against analysing year-to-year changes, but instead focus on medium- and longer-term trends as more meaningful indicators of the overall performance, and therefore health, of the tax and superannuation systems.

This year's gap program focuses on the 2018–19 year, so the impact of COVID-19 will be more evident next year. This year's gap program has been impacted by COVID-19 indirectly. For example, the small business income tax gap estimate is based on a random enquiry program. The estimate is a preliminary one prepared from a smaller sample size due to the impacts of COVID-19 on our audit program leading to lower confidence. As such, this is a preliminary estimate that will be updated in 2021–22 that will be calculated from a larger sample size.

For more information, refer to page 60 of this report.

Debt – Ratio of collectable debt to net tax collections

At 30 June 2021, the ratio of collectable debt to net tax collections was 8.3%. This is an increase from the June 2020 result of 6.7%. The change in performance is reflective of the broader economic environment as a result of the COVID-19 pandemic.

Total revenue effects – Tax revenue from all compliance activities

The total revenue effects measure is an estimate of the additional tax revenue that comes from our client engagement activities and is a combination of audit yield and wider revenue effects. In 2020–21, total revenue effects was expanded to also include the reduction and collection of overpayments from administered stimulus programs.

Total revenue effects continued to be affected this year by a range of factors relating to COVID-19, including taxpayers' ability to pay, our cautious approach to compliance, applying penalties and interest, debt recovery, and our focus on supporting the Australian community in delivering the government's stimulus measures. In 2020–21, total revenue effects was \$11.5 billion against a performance target of \$15 billion.

For more information, refer to page 64 of this report.

Tax assured – Proportion of the tax base where the ATO has justified trust that tax paid is correct based on the proportion of income, deductions and tax offsets assured

For the 2018–19 tax year, we estimate 45.5% of the total tax reported to be assured. While this is a slight decline from the previous year, it is tolerable. It can be explained by a change in our assurance approaches for clients we engage with directly, including improvements in estimating how much GST we are assured is correctly reported. Using the previous method would have resulted in us assuring 46.6% of the 2018–19 tax base.

When changes are made that have a material effect on tax assured, we will explain this in the annual report and/or supporting web content.

In most cases, we can only assure tax reported by taxpayers once they have lodged and we have completed our data matching and one-to-one engagements. Due to this lag effect, our estimate for tax assured is for the 2018–19 tax year.

Further, in practice, we cannot gather third-party data or other evidence to compare against all tax returns. As such, our tax assured estimates will always be lower than the actual amount of tax that is correctly reported.

Any impacts on our assurance of tax reported from the bushfires and COVID-19 will materialise when we report on the 2019–20 tax year.

For more information, refer to page 63 of this report.

Influence – Government and Treasury perceptions of the ATO and the quality of our advice

In 2020–21, the ATO and Treasury continued to work together well with the relationship being highly effective for both agencies. Throughout 2021, we continued to work closely with Treasury on the design and implementation of a suite of measures in response to the COVID-19 pandemic. This included the rapid design and implementation of stimulus measures such as JobKeeper 2.0, and Budget 2020 measures such as loss carry back and temporary full expensing.

We also supported Treasury and the government by providing increased data, analysis and advice on revenue collections and the COVID-19 measures. This information also assisted other government agencies. The quality and timeliness of our analysis and advice elicited strong positive feedback from our government stakeholders.

During the year, we undertook quality assurance that proposed draft law can be interpreted and administered consistently with the policy intent. We continue to meet Treasury and government expectations, with the timeliness and quality of our advice on the administration of the tax and superannuation systems in relation to new measures. Treasury provided positive feedback on the ATO's contribution to completed measures.

Our budget process and working with Treasury on the development of new policy meant we were able to support the design of 77 measures impacting the ATO. Our advice supported the government's focus to rebuild the economy with reforms to help businesses and individuals, strengthen the government's digital economy framework and the superannuation system. This work reflects the government's confidence in the ATO to deliver on its priorities.

Our Treasury secondment program continued to be important in developing capability for both agencies, as well as fostering collaboration and a stronger working relationship.

Compliance cost – Adjusted median cost to individual taxpayers of managing their tax affairs

This measure shows any movement in the cost to individual taxpayers of managing their tax affairs.

The adjusted¹ median cost of managing tax affairs for 2019–20 income tax returns decreased by 3.0% compared to the previous year² and the performance target is considered to be fully met.

Taxpayers who do not report an amount at the relevant label in the tax return are not captured in this calculation. However, over recent years, the ratio of taxpayers claiming cost of managing tax affairs to the individual taxpayer lodging population has been declining.

The cost of managing tax affairs includes the costs of preparing and lodging tax returns and activity statements, fees paid to tax advisers, and the costs of tax reference material. While external market forces can influence these, our strategies for making it easier to comply through the provision of better guidance and advice and contemporary and digital services also influence this trend.

Digital – Proportion of inbound transactions received digitally for key services

In 2020–21, 94% of inbound transactions were received digitally for key services, an increase of 3 percentage points on the previous year.

Online lodgment of the taxable payments annual report (TPAR) increased by 19 percentage points over the same period, due to flow-through effects of the TPAR online form introduced in June 2019.

Online payment arrangements continue to increase, and this year's result is 4 percentage points higher than 2019–20.

Significant drops in client-initiated role cancellations were experienced from July 2020 as a result of declining economic activity due to COVID-19. The year-on-year drop of approximately 22% peaked in early 2021. Role cancellation rates had returned to usual levels by June 2021.

Working together – Partner perceptions of how the ATO is working with them to administer the tax and superannuation system

For 2020–21, the overall result for partner perceptions of how the ATO is working together with them to administer the tax and superannuation systems was 71/100. This is an increase of 4 points on the previous year and achieves the target of equal to or better than the 2018–19 result.

This measure captures perceptions from tax professionals, APRA-regulated superannuation entities and DSPs. Perceptions across DSPs and APRA funds have significantly improved again this year.

The improved result reflects our continued investment in enhancing our partner relationships, including:

- co-designing the early release of super (ERS) policy response to COVID-19 with the APRA fund industry – over three-quarters of industry participants involved were satisfied with the level of engagement and consultation
- engaging with APRA funds to produce guidance about existing initiatives such as re-uniting superannuation and the implementation of SuperStream rollovers version 3

¹ AWOTE – average weekly ordinary time earnings (for full-time adults) – is used to adjust these costs.

² Calculation of median cost changed in 2020–21 to include only the 'Other expenses incurred in managing tax affairs' component of the relevant label in the income tax return. In previous years, the calculation additionally incorporated interest charged by the ATO, as well as litigation costs.

- engaging with DSPs to provide support around new initiatives, responses to economic stimulus measures, product roadmaps, industry perspectives and challenges, and knowledge sharing – to collectively deliver benefits to the community
- supporting tax practitioners with their lodgment requirements through deferrals and a flexible, empathetic approach as part of our ongoing natural disaster and COVID-19 response, and providing ongoing assistance with Online services for agents
- keeping tax practitioners and their representative bodies informed through the Tax Practitioner Steering Group, the Key Agent Program, speaking events and dedicated tax practitioner communications.

Culture – Level of employee engagement

The ATO's strong culture positioned us well to meet the challenges of 2020–21 and to demonstrate our cultural traits – client focused, united and connected, empowered and trusted, future oriented, and passionate and committed.

Results of the 2021 Australian Public Service (APS) Census highlight that our employees continue to be highly engaged (76%). This remains above the average for large and extra-large APS agencies; and above the average overall, reflecting the effectiveness of our support strategies for staff through a challenging time.

Our continued investment in strengthening the ATO's culture is evident in our sustained high engagement results over the last few years. Our next phase of transformation will focus on the elements of our culture that still challenge us and hold us back from truly living our cultural traits.

Gender equality – Female representation in the senior executive service (SES) and executive level (EL) classification levels

As at 30 June 2021, female representation at the SES classifications was 46.9%, an increase of 0.3 percentage points from the previous year and continuing a positive long-term trend.

The percentage of female staff at the EL classifications increased from 50.2% to 50.9%, which reflects the ATO's ongoing commitment to achieving and sustaining gender equality.

With consideration of normal staffing fluctuations, the end-of-year targets for female representation at both the SES and EL classifications are considered to be met.

Indigenous representation – Proportion of ATO staff who identify as Indigenous

The ATO is committed to the engagement, development and retention of Aboriginal and Torres Strait Islander employees. As at June 2021, the proportion of our ongoing staff identifying as Aboriginal and Torres Strait Islander was 2.9%, above the target of 2.5%.

The ATO delivered employment strategies to support the development of our Aboriginal and Torres Strait Islander staff through affirmative measures recruitment and Indigenous secondment programs. We are committed to increasing Aboriginal and Torres Strait Islander representation in our ongoing workforce to 3.0% in 2021–22 and supporting inclusion within and outside of the ATO.

Staff experience – Employee perceptions around whether they have access to the tools and resources needed to perform well

Our result of 72% obtained from the 2021 APS Census is 9 percentage points higher than the average for large agencies and 7 percentage points above that for extra-large agencies and achieves our target. This is slightly below the 2019–20 result of 73% from the delayed 2020 APS Census conducted in November 2020; however, this is consistent with broader APS trends.

With the impacts of COVID-19 through 2020–21, the ATO continued to support large cohorts of staff to work remotely, while supporting others to return to the office.

This result reflects our continued work to support the remote desktop application (RDA) and virtual desktop platform (VDP), provision of equipment (such as laptops and monitors) to enable staff to work from home, and improvements to communication and collaboration tools available to staff working in the office and remotely.

Tax returns – Proportion of pre-filled data items unchanged

This year's result of 89.5% for pre-filled data items unchanged is an increase of 2.4% on the previous year and is partly attributed to introducing a small tolerance for minor rounding and calculation errors. It is also partly due to our work with key reporters to ensure they provide quality data as early as possible.

The economic impacts of the COVID-19 pandemic resulted in a significant number of early lodgments in July 2020, as taxpayers sought to receive their 2019–20 tax return refunds. These lodgments were made before pre-fill data was available.

The result is solely focused on individuals who are not in business. It reflects the proportion of their total income where our pre-filling matches their final income tax result within the tolerance. This measure uses a dollar-based systems assurance approach, where pre-filling makes it easier for our clients to meet their obligations and increases trust and confidence in the accuracy of final tax outcomes.

The measure previously used tax return data from two years prior, to allow sufficient time for lodgment program periods to be completed and results to be assured by the ATO. From 2020–21 onwards, we are using data from the year immediately prior, to provide a more timely assessment. The calculation is still undertaken after the formal lodgment cycle has been completed.

Availability – Key digital systems availability

Measuring availability of our digital systems ensures that we understand the reliability of services for clients interacting digitally. In 2020–21, the overall result was 99.91% (99.9% when rounded to one decimal place), a 0.2 percentage point increase from the previous year and exceeding the current availability target.

The methodology for this measure comprises the availability of seven externally facing and two internal-facing key IT systems. Availability is the comparison between planned availability and actual availability of a system for users.

For external-facing systems used by our clients and partners (community, tax and superannuation professionals, and software developers), the average availability was 99.89%. For internally facing systems used by staff, the average availability was 99.98%.

Budget – ATO manages its operating budget to balance

During 2020–21 we continued our efforts to support the community through the COVID-19 pandemic, including the diversion of resources to deliver stimulus measures and support impacted clients.

We adjusted our compliance approaches in line with government and community expectations, and modified other activities, which enabled us to absorb costs in excess of \$400 million over two years to deliver the stimulus measures and other COVID-19 related work.

The ATO started the 2020–21 financial year with an operating budget of \$3,668 million. During the year the following budget changes occurred:

- COVID-19 Stimulus (increase of \$174.8 million)
- Modernising Business Registers (increase of \$108.0 million)
- Digital Identity (increase of \$17.3 million)
- Superannuation Reform (increase of \$6.8 million)
- Department of Home Affairs Tourist Refund Scheme Memorandum of Understanding (increase of \$6.0 million)
- ASIC Machinery of Government Appropriation (increase of \$4.4 million)
- Strengthening Australia's Foreign Investment Framework (increase of \$3.8 million)
- Reforming Australia's Foreign Investment Framework (increase of \$2.2 million)
- Single Touch Payroll (increase of \$1.5 million)
- Superannuation facilitating the closure of eligible rollover funds (increase of \$1.2 million)
- Digital Business Plan (increase of \$0.9 million)
- ACNC Review Program (increase of \$0.5 million)
- Own Source Revenue (including credit card merchant fees) (reduction of \$52.4 million)
- Women's Economic Security Package (reduction of \$13.0 million)
- APSC Appropriation Transfer (reduction of \$1.5 million).

The ATO's 2020–21 financial result was an operating surplus of \$49 million or 1.2% under budget. This includes lease principal repayments under the Australian Accounting Standards Board 16 leasing standard and excludes non-cash financial accounting adjustments, such as write-off expenses, depreciation, amortisation, finance lease and revaluation adjustments made for our financial statements.

The ATO's operating surplus was driven by factors outside of the ATO's control, including the reprioritisation of planned activities in response to the COVID-19 pandemic.

Refer to our financial statements in Part 5 for detailed information.

Cost of collection – Cost to collect \$100

The cost of collection measures the cost of collecting every \$100 of cash collections.

The cost to collect \$100 decreased from \$0.62 in 2019–20 to \$0.54 in 2020–21, excluding GST and its administration costs. The decrease is largely due to a 10% increase in collections in 2020–21 and a 4% decrease in costs associated with collecting tax.

The decrease in costs associated with collecting tax was due to the ATO's continued response to the global COVID-19 pandemic. Support of the government stimulus measures continued in the first quarter of 2020–21, with work returning to usual business activities in the second half of the year.

The significant increase in revenue resulted from the recovery in economic conditions and strong commodity prices. The fluctuations in revenue experienced over the last two years is expected to settle and move back towards pre-pandemic levels as the economy continues to recover. Uneven economic recovery may result in an unstable cost of collection ratio in the proceeding years.

Program 1.2 Tax Practitioners Board

The TPB

The Tax Practitioners Board (TPB) is an independent statutory body. It is responsible for the general administration of the *Tax Agent Services Act 2009* and for registration and regulation of tax practitioners, including tax agents, business activity statement (BAS) agents and tax (financial) advisers.

Due to its operational independence and statutory obligations, the TPB has produced its own annual report, which is available at tpb.gov.au.

Purpose

The purpose of the TPB is to ensure that tax practitioner services are provided to the public in accordance with appropriate standards of professional and ethical conduct.

Annual performance statement

The annual performance statement for the TPB is included in the *Tax Practitioners Board annual report 2020–21*.

This year's performance criteria for the TPB are set out on page 205 of the *Australian Taxation Office Budget Statements* (in the Treasury PBS) and pages 7–11 of the *Tax Practitioners Board corporate plan 2020–21*.

Program 1.3 Australian Business Registry Services

The ABRS

The new Australian Business Registry Services (ABRS) will streamline how businesses interact with government and manage their registry obligations, providing one unified source of trusted business information. Modernising business registers (MBR) is a key reform under the government's Deregulation Agenda.

The Commissioner of Taxation has been appointed as the Registrar under the:

- *Business Names Registration Act 2011*
- *Commonwealth Registers Act 2020*
- *Corporations Act 2001*
- *National Consumer Credit Protection Act 2009*.

The ABRS has been established to assist the Registrar to carry out their functions. The Registrar has separate and distinct responsibilities from the Commissioner of Taxation, including administering director identification numbers and assisting the Australian Securities and Investments Commission (ASIC) to manage its registry functions. The Commissioner of Taxation remains Registrar of the Australian Business Register (ABR) under the *A New Tax System (Australian Business Number) Act 1999*.

Purpose

The ABRS is a new service that will be progressively established over the coming years. It will provide:

- effective, efficient and accessible business registry services that reduce the regulatory burden for business
- a unified, accessible and trusted source of business data that supports the activities of businesses, governments and the community
- robust identity verification and relationship traceability for directors, which will foster trust and confidence by creating a fairer business environment.

Program overview

This overview of ABRS performance aligns with the *ATO corporate plan 2020–21* and presents our 2020–21 performance against the one strategic initiative to deliver the program.

Overview

The ABR program, which forms part of ABRS, works with government, digital service providers, the business community and other key stakeholders to support a fairer business environment that fosters greater economic growth and job creation. This will be achieved through increased use of a trusted national business dataset and consistent information exchange standards through Standard Business Reporting (SBR). For more information about SBR, see sbr.gov.au.

Under a delegation from ASIC, the Registrar of the ABRS is responsible for assisting ASIC to perform its registry function, including reporting against the associated performance measures from 2021–22. As ASIC registers are migrated to the new registry system, the Registrar will assume primary responsibility for registry functions and associated reporting.

We continue to collaborate across the ATO to support ABN holders in meeting their tax and superannuation obligations, through intuitive and easy-to-use systems and tools.

This initiative has two measures, both of which were fully met.

Performance summary

In 2020–21, we continued to deliver existing registry services while progressing the MBR program.

Funding of \$419.9 million for the full implementation of the MBR program – including introduction of the director identification number initiative – was announced in the 2020–21 Budget as part of the government's Digital Business Plan. This followed \$60.6 million in funding announced as part of the 2019–20 Mid-Year Economic and Fiscal Outlook context to commence implementation.

Our focus for 2020–21 was to commence establishing the ABRS, including the creation of a brand and identity to reflect our service promise and the scope of the new service. We also continued to design the optimised services to be offered by the ABRS through collaboration with our key stakeholders.

The new director identification number (director ID) system was deployed to private beta in March 2021; the first major deliverable on the newly established ABRS platform. The first director ID was successfully issued on 20 April 2021 as part of business verification testing, allowing private beta testing of the online director ID services to commence.

On 4 April 2021, the Commissioner of Taxation was appointed as Registrar for a range of ASIC registry functions and director ID administration, in addition to his existing Australian Business Register (ABR) responsibilities. To support the Registrar's appointment, ASIC registry functions and approximately 220 ASIC staff integrated to the ATO on 15 April 2021. A memorandum of understanding was signed between the two agencies to cover the progressive transition of registry responsibilities as the MBR program is implemented.

The ABR program commitments for 2020–21 included maintaining trust and confidence in the ABR. We removed close to 150,000 inactive and ineligible ABNs. The cancellation of ABNs was balanced with providing support for businesses impacted by COVID-19 and the need to ensure the integrity and accuracy of the business population on the ABR. The ABR also supported the integrity of JobKeeper and Cash Flow Boost through the requirement for entities to have an ABN.

Performance results overview

Performance results

Our two performance criteria for ABRS are set out on page 207 of the *Australian Taxation Office Budget Statements* (in the Treasury PBS), and pages 11 and 16 of the *ATO corporate plan 2020–21*.

TABLE 2.2 ABRS results, 2018–19 to 2020–21

Performance criterion	Source	Results			Target
		2018–19	2019–20	2020–21	2020–21
Increased use of the ABR as the national business dataset	PBS 207 CP 11, 16	368 ●	405 ●	407 ●	400
		agencies using <i>ABR Explorer</i> (18% increase)	agencies using <i>ABR Explorer</i> (10% increase)	agencies using <i>ABR Explorer</i>	agencies using <i>ABR Explorer</i>
		17 ●	27 ●	29 ●	16
		agencies using <i>ABR Connect</i>	agencies using <i>ABR Connect</i> (58% increase)	agencies using <i>ABR Connect</i>	agencies using <i>ABR Connect</i>
community		1,445m ●	1,519m ●	1,821m ●	1.5b
		<i>ABN Lookup</i> searches (40% increase)	<i>ABN Lookup</i> searches (5% increase)	<i>ABN Lookup</i> searches (20% increase)	<i>ABN Lookup</i> searches
Reduction in the administrative cost to businesses and government in dealing with each other	PBS 207 CP 11, 16	\$1.55b ●	\$1.95b ●	\$2.11b ●	\$1.98b

● Target achieved ● Target substantially achieved ● Target not achieved ● Result or target not available

Results analysis

Increased use of the ABR as the national business dataset

The consumption of ABR data by government agencies and the community continues to increase through a variety of channels, including ABR Explorer, ABR Connect and ABN Lookup.

In 2020–21 we exceeded all targets for the increased use of the ABR as a national business dataset, with the number of agencies using ABR Explorer increasing to 407. This result was achieved while transitioning users to myGovID as the access and authentication method for ABR data, replacing AUSkey.

The number of agencies using ABR Connect increased to 29 agencies in 2020–21. ABN Lookup searches increased to 1.8 billion, an increase of 20% over the previous year. ABN Lookup contributes to public value as a key data and information source for decision-making purposes. It is used by information brokers, businesses, government entities and the community – for example, to check who a business or person is dealing with and to pre-fill forms.

We support the increased use of ABR data by working with government agencies to provide them with access to customised ABR datasets that support service delivery, planning and policy development. This year we supported many agencies across all levels of government to respond to natural disasters and COVID-19 – for example making sure businesses are eligible for stimulus payments by validating their ABN and GST status.

Reduction in the administrative cost to businesses and government in dealing with each other

The annual calculation of the reduction in the administrative cost to businesses and government in dealing with each other is an estimate that is derived using a methodology that is regularly independently reviewed and updated with actual figures. The latest review of the figures and methodology was undertaken in 2020–21. The annual savings estimated for the 2020–21 financial year are \$2.1 billion, an increase of 7.7% on the previous savings of \$1.95 billion.

The result indicates that the ABR program initiatives continue to deliver savings to business and government through reducing the reporting burden, minimising cost to business and enhancing business interactions through natural-based systems.

Program 1.4 Australian Charities and Not-for-profits Commission

The ACNC

The Australian Charities and Not-for-profits Commission (ACNC) is the independent national regulator of charities. The ACNC Commissioner has a number of statutory functions and regulatory powers, as set out in the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Due to its operational independence and statutory obligations, the ACNC has produced its own annual report, which is available at acnc.gov.au.

Purpose

The ACNC's purpose is to:

- maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector
- support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector
- promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

Annual performance statement

The annual performance statement for the ACNC is included as part of the *Australian Charities and Not-for-profits Commission annual report 2020–21*.

This year's performance criteria for the ACNC are set out on pages 211 of the *Australian Taxation Office Budget Statements* (in the Treasury PBS) and pages 7–9 of the *ACNC corporate plan 2020–21*.

Administered programs 1.5 to 1.19

Purpose

The ATO contributes to the economic and social wellbeing of Australians through governing a range of programs that result in transfers and benefits back to the community.

Performance results overview

All deliverables are achieved through making payments to eligible recipients in accordance with relevant laws.

We paid \$102.0 billion in administered payments in 2020–21, \$54.8 billion higher than 2019–20. The large increase was due to JobKeeper and cash flow boost payments.

TABLE 2.3 Administered payments 2018–19 to 2020–21^(a)

Payments	2018–19 \$m	2019–20 \$m	2020–21 \$m
Fuel tax credits	7,179	7,383	7,530
Product stewardship for oil program	73	90	95
Junior Minerals Exploration Incentive	0	3	6
Private health insurance rebate	240	236	237
National rental affordability	170	160	162
Superannuation co-contribution scheme	126	121	120
Research and development refundable tax offsets ^(b)	2,311	2,333	2,707
Australian Screen Production Incentive	328	349	330
Low income superannuation tax offset	743	703	662
Interest payments on lost superannuation accounts	28	92	35
Seafarer tax offset	10	9	10
Economic response to the Coronavirus – JobKeeper	0	20,574	68,217
Economic response to the Coronavirus – Cash Flow Boost	0	14,454	20,901
Economic response to the Coronavirus – JobMaker Hiring Credit	0	0	7
Total administered payments	11,208	46,508	101,019
Distribution of super guarantee charge entitlements	532	611	945
TOTAL^(c)	11,740	47,119	101,963

Notes

(a) Totals may differ from the sum of components due to rounding.

(b) Only refundable research and development tax offsets are administered payments.

(c) The total excludes interest on overpayments of tax (\$91 million in 2018–19, \$123 million in 2019–20, and \$63 million in 2020–21).

Performance results – programs 1.5 to 1.13 and 1.15 to 1.19

The way the ATO measures the performance of administered programs and the achievement of their purpose is set out on pages 212–222 of the *Australian Taxation Office Budget Statements* (in the Treasury PBS), and pages 17–19 of the ATO corporate plan 2020–21.

TABLE 2.4 Programs 1.5 to 1.13 and 1.15 to 1.19 Administered programs performance

Performance criterion	Source	Results			Target
		2018–19	2019–20	2020–21	2020–21
1.5 Australian Screen Production Incentive	PBS 212 CP 19	\$328.0m	\$349.4m	\$329.6m	Administer the program in accordance with the law
▪ Value of tax offsets processed					
1.6 Junior Minerals Exploration Incentive					
▪ All applications received are processed and taxpayers notified of their exploration credit allocation within 28 calendar days of the application period closing	PBS 213 CP 18	Target met	Target met	Target met	100% notifications issued within 28 calendar days of the application period closing
▪ Public reporting data uploaded on data.gov.au (and linked to the ato.gov.au website) after determination letters are issued	PBS 213 CP 18	Target met	Target met	Target met	Within 56 calendar days of the application period closing
1.7 Fuel Tax Credits Scheme	PBS 213 CP 19	\$7.2b	\$7.4b	\$7.5b	Administer the scheme in accordance with the law
▪ Value of claims					
1.8 National Rental Affordability Scheme	PBS 214 CP 19	\$170.3m	\$160.0m	\$162.3m	Administer the scheme in accordance with the law
▪ Value of tax offsets processed					
1.9 Product Stewardship for Oil					Administer the program in accordance with the law
▪ Value of revenue collected	PBS 215 CP 19	\$30.9m	\$31.4m	\$30.8m	
▪ Value of payments processed		\$72.7m	\$90.4m	\$95.0m	
1.10 Research and Development Tax Incentive					Administer the program in accordance with the law
▪ Value of claims processed for	PBS 216 CP 19				
– 38.5% non-refundable research and development tax offset claimants		\$2.7b tax offset paid	\$2.1b tax offset paid	\$2.2b tax offset paid	
– 43.5% refundable research and development tax offset claimants		\$2.3b tax offset paid	\$2.3b tax offset paid	\$2.7b tax offset paid	
▪ Number of claims processed for	PBS 216 CP 19				
– 38.5% non-refundable research and development tax offset claimants		1,600	1,468	1,488	
– 43.5% refundable research and development tax offset claimants		10,819	10,017	11,638	
▪ Proportion of offsets processed within service standard time frames	PBS 216 CP 19	89.7%	85.6%	86.2%	
1.11 Low Income Superannuation Tax Offset	PBS 217 CP 19	\$743.4m	\$703.2m	\$661.6m	Administer the program in accordance with the law
▪ Value of entitlements paid					
1.12 Private Health Insurance Rebate	PBS 217 CP 19	\$239.7m	\$235.5m	\$237.3m	Administer the program in accordance with the law
▪ Value of rebates processed					

TABLE 2.4 Programs 1.5 to 1.13 and 1.15 to 1.19 Administered programs performance
continued

Performance criterion	Source	Results			Target
		2018–19	2019–20	2020–21	2020–21
1.13 Superannuation Co-contribution Scheme ■ Value of entitlements paid	PBS 218 CP 19	\$125.9m	\$120.8m	\$120.2m	Administer the program in accordance with the law
See Table 2.5 for Program 1.14 – Superannuation Guarantee Scheme					
1.15 Targeted Assistance through the Taxation System ■ Value of interest payments processed	PBS 220 CP 19	\$27.7m	\$92.0m	\$34.7m	Administer the program in accordance with the law
1.16: Interest on Overpayments and Early Payments of Tax ■ Value of credit interest applied to client accounts ^(a)	PBS 220 CP 19	\$9.4m	\$121.0m	\$61.5m	Administer the program in accordance with the law
1.17 Bad and Doubtful Debts and Remissions ■ Proportion of total tax receivables unlikely to be collected (provision)	PBS 221 CP 18	34%	35%	43%	Below 35%
1.18 Seafarer Tax Offset ■ Eligible taxpayers are aware of how to claim the offset	PBS 221 CP 18	100%	100%	100%	100%
1.19 Economic Response to the Coronavirus^(b) ■ Value of JobKeeper paid	PBS 222	●	\$20.6b	\$68.2b	Administer the program in accordance with the law
■ Value of Hiring credit paid	PBS 222	●	●	\$6.6m	Administer the program in accordance with the law
■ Value of Cash Flow Boost paid	PBS 222	●	\$14.5b	\$20.9b	Administer the program in accordance with the law

● Measure not reported

Notes

(a) From 2019–20 the measure calculation changed to increase the scope of the interest captured, to include interest on overpayment amounts applied for all legal entitlements.

(b) Measures not included in 2020–21 ATO corporate plan.

Results analysis

We use our systems, processes and controls to establish and maintain confidence that the correct level of payments and transfers delivered through the tax and superannuation systems are paid to eligible recipients in accordance with relevant laws, thus meeting our performance target for many of our administered program measures.

In many instances, small annual fluctuations in the value of benefits arise due to minor changes in economic conditions or the circumstances of our clients. However, there are some programs where a more substantial change in the value of benefits was observed in 2020–21. There is considerable interest in the Superannuation Guarantee scheme and changes in the number and value of liabilities raised by the ATO. Further discussion of these cases is provided below.

Administered program 1.16: Interest on Overpayments and Early Payments of Tax

The amount of interest paid on overpayments was \$61.5 million in 2020–21, compared to \$121 million in the previous year. Factors contributing to this year's decrease include:

- a lower rate of interest on client credits – an average of 0.06% (compared to 1.08% in 2019–20) – which also resulted in more credit amounts falling below the \$0.50 threshold for payment
- system improvements and enhanced automation, leading to faster processing of refunds and notices of assessment.

Administered program 1.17: Bad and Doubtful Debts and Remissions

The provision for bad and doubtful debts as a proportion of total tax receivables at 30 June 2021 was 43%. This does not achieve the target of below 35%.

The Impairment allowance (asset item) increased by \$5.7 billion from the 2020 result. This is largely due to the older proportion of debts being impaired at a higher rate using a revised methodology. The higher rate of impairment has been driven by:

- the impacts of COVID-19 increasing the proportion of older debts
- revisions to the methodology to use more recent data, including periods impacted by COVID-19.

Administered program 1.19: Economic Response to the Coronavirus

A total of \$89.1 billion was paid in JobKeeper and cash flow boost payments in 2020–21, compared to \$35.1 billion in 2019–20.

The JobKeeper Payment was a stimulus measure paid as a subsidy to businesses affected by the COVID-19 pandemic, to keep more Australians in jobs, and to maintain the connection between employers and their employees. From April 2020 to September 2020, employers received a payment of \$1,500 per fortnight for each eligible employee. The payments were also made to other entities, such as eligible sole traders. JobKeeper was extended until March 2021, with tiered payments per employee dependant on hours worked; at a rate of \$1,200 or \$750 per fortnight, which reduced to \$1,000 or \$650 per fortnight from January 2021.

The Cash Flow Boost stimulus measure supported businesses during the economic downturn associated with COVID-19. Eligible small-to-medium businesses and not-for-profit organisations that employ staff received between \$20,000 and \$100,000 in cash flow boost amounts by lodging their activity statements, commencing with the March 2020 monthly or quarterly period and concluding with their September 2020 monthly or quarterly period.

Payments under the JobKeeper and Cash Flow Boost stimulus measures ceased in the 2020–21 year.

The value of JobMaker Hiring Credit paid in 2020–21 was \$6.6 million. The JobMaker Hiring Credit scheme was an incentive for businesses for each eligible additional employee they hired between 7 October 2020 and 6 October 2021. Eligible employers may receive payments of up to \$200 a week for each eligible additional employee aged 16 to 29 years (inclusive); or \$100 a week for each eligible additional employee aged 30 to 35 years (inclusive).

Performance results – program 1.14

TABLE 2.5 Program 1.14 Superannuation Guarantee Scheme

Performance criterion	Source	Results			Target
		2018–19	2019–20	2020–21	2020–21
Superannuation guarantee gap as a proportion of superannuation guarantee contributions	PBS 219 CP 18	3.9% or \$2,298m (2016–17)	4.0% or \$2,440m (2017–18)	3.8% or \$2,450m (2018–19)	Reduce the gap to a level as low as practicable given the nature and complexity of the law and the resources available
Value of superannuation guarantee charge:	PBS 219 CP 18				
▪ raised (including penalties and interest)		\$1,069.2m	\$1,033.5m	\$1,683.0m	\$1,020m
▪ collected		\$576.6m	\$674.0m	\$1,039.8m	\$516m
Value of superannuation guarantee entitlements distributed to individuals or superannuation funds	PBS 219 CP 18	\$532.3m	\$611.2m	\$944.7m	\$485m
Value of superannuation guarantee debt:	PBS 219 CP 18				
▪ on hand		\$2.2b	\$2.4b	\$3.0b	\$2.8b
▪ irrecoverable at law or uneconomical to pursue		\$191.7m	\$74.6m	\$105.5m	\$203m

Results analysis

Administered program 1.14: Superannuation Guarantee Scheme

This year, the value of superannuation guarantee liabilities raised totalled nearly \$1.7 billion, an increase of over 60% on the previous year's result. The increase is mainly attributable to:

- an influx of voluntary disclosures under the superannuation guarantee amnesty, which closed in September 2020
- completion of a backlog of compliance activity following the return of staff who had previously been redeployed to assist with stimulus activities, as well as additional staffing.

This also led to an increase in superannuation guarantee collections and the value of entitlements distributed to individuals or superannuation funds.

We estimate a net superannuation guarantee gap of 3.8% (\$2.45 billion) for the 2018–19 year. Overall, we estimate that employers are paying around 95% of the super guarantee they are required to pay without intervention from the ATO.

Across the estimation period of 2013–14 to 2018–19, net gap estimates have trended downwards in the first four years and then stabilised. Overall, the superannuation guarantee gap population is considered to be highly compliant, with strong growth in ATO compliance activity outcomes since 2015–16 contributing to reducing the gap over time.

A similar decline in the gross gap estimates suggests that voluntary compliance has also increased over this period. This increase in compliance activity outcomes may partly be due to the greater visibility of individual's superannuation account balances and employer contributions paid through ATO online, and the regular reporting of employer payroll information, including SG liabilities, through STP enabled software.

Revenue collection

As Australia's principal revenue agency, the ATO facilitates the collection of revenue to fund public goods and services for the community. We do this through a range of collection systems, including income tax, goods and services tax (GST) and excise duty.

Net tax collections in 2020–21 were \$451.4 billion, up \$46.6 billion (11.5%) over the previous year, and \$49.9 billion (12.4%) above the amount expected at the time of the budget 2020–21.

Company tax collections increased by \$14.7 billion (17.5%) in 2020–21. The outcome was \$14.2 billion above the budget forecast, reflecting a stronger-than-expected recovery in economic conditions and strong commodity prices.

Total individuals tax collections increased by \$11.0 billion (5.0%) in 2020–21. The outcome was \$15.6 billion above the budget forecast, reflecting a stronger-than-expected recovery in economic conditions.

Superannuation income tax collections increased by \$6.7 billion (106.7%) in 2020–21. The outcome was \$4.7 billion above the budget forecast, reflecting a stronger-than-expected recovery in economic conditions as well as higher-than-expected foreign exchange gains and capital gains.

GST collections increased by \$12.8 billion (21.2%) in 2020–21. The outcome was \$13.1 billion above the budget forecast, reflecting a stronger-than-expected recovery in economic conditions.

Excise collections increased by \$1.1 billion (4.8%) in 2020–21. The outcome was \$1.6 billion above the budget forecast, reflecting a stronger-than-expected recovery in economic conditions.

TABLE 3.1 ATO net tax cash collections, 2018–19 to 2020–21^(a)

Tax	2018–19 \$m	2019–20 \$m	2020–21 \$m
Gross PAYG withholding ^(b)	204,764	214,426	220,457
Gross other individuals	48,423	43,713	48,769
Individual refunds	-29,514	-36,219	-36,265
Total individuals	223,673	221,920	232,961
Companies	93,590	83,971	98,636
Superannuation funds ^(c)	11,269	6,267	12,956
Resource rent taxes ^(d)	1,053	1,052	786
Fringe benefits tax ^(e)	3,794	3,850	3,569
Total income tax	333,379	317,060	348,908
Excise	23,300	23,352	24,462
Goods and services tax (GST) ^(f)	65,270	60,296	73,094
Other indirect taxes ^(g)	1,657	1,529	2,033
Total indirect taxes	90,227	85,178	99,589
Major bank levy	1,560	1,612	1,619
Superannuation guarantee charge	577	674	1,040
Foreign investment fees	94	94	88
Self-managed superannuation fund levy	144	127	134
Total net tax collections	425,980	404,745	451,379
Other revenue ^(h)	-59	-386	1,418
Total collections	425,921	404,358	452,797
HELP/SFSS ⁽ⁱ⁾	2,915	3,416	3,754

Notes

- (a) The cash collections data presented in this table has been adjusted to exclude administered expenses and better align with the financial statements and the Final budget Outcome. Totals may differ from the sum of components due to rounding.
- (b) Includes amounts withheld from salaries and wages, TFN and ABN withholdings, dividend, interest, royalty, and mining withholding taxes.
- (c) Includes income tax for superannuation funds and superannuation surcharge, and no TFN contributions tax.
- (d) For 2018–19 and 2019–20, resource rent taxes include both petroleum resource rent tax and minerals resource rent tax.
- (e) Includes Australian Government departments and authorities.
- (f) Includes GST collections by the Department of Home Affairs; in 2020–21, these were \$4.8 billion. Also includes GST non-general interest charge penalties, which are not distributed to the state and territory governments under the intergovernmental agreement.
- (g) Includes wine equalisation tax (WET) and luxury car tax (LCT), of which a small amount was collected by the Department of Home Affairs.
- (h) The majority of 'other revenue' is net unclaimed superannuation monies.
- (i) Higher Education Loan Program (HELP) and Student Financial Supplement Scheme (SFSS) collections.

TABLE 3.2 Expected revenue – variation between budget forecast and actual net collections in 2020–21^(a)

Collected from	Collections \$m	Budget \$m	Variance \$m
Total individuals	232,961	217,400	15,561
Companies	98,636	84,459	14,177
GST	73,094	59,970	13,124
Superannuation funds	12,956	8,210	4,746
Other	33,730	31,487	2,243
TOTAL	451,379	401,526	49,852

Note

(a) Totals may differ from the sum of components due to rounding.

In 2020–21, we issued income tax refunds with a total value of \$51.5 billion. We also issued activity statement refunds with a total value of \$77.2 billion. Total refunds were \$128.7 billion, down 2.7% from 2019–20.

TABLE 3.3 Amount refunded, 2018–19 to 2020–21^(a)

Type of refund	2018–19 \$m	2019–20 \$m	2020–21 \$m
Income tax			
▪ Income tax – Total individuals ^(b)	29,514	36,219	36,265
▪ Income tax – Companies	9,609	12,517	11,131
▪ Income tax – Superannuation funds ^(c)	3,296	6,130	3,265
▪ Income tax – Resource rent taxes ^(d)	167	32	45
▪ Income tax – Fringe benefits tax ^(e)	546	436	818
Total income tax	43,131	55,334	51,524
Excise	27	48	45
Activity statements ^(f)	64,006	76,898	77,159
TOTAL	107,164	132,280	128,728

Notes

(a) Refunds data presented in this table has been adjusted to exclude all administered expenses and better align with our financial statements and the Final budget Outcome. Totals may differ from the sum of components due to rounding.

(b) Excludes administered payments, such as private health insurance rebate.

(c) Includes superannuation surcharge refunds.

(d) For 2018–19 and 2019–20, resource rent taxes include both petroleum resource rent tax and minerals resource rent tax.

(e) Includes Australian Government departments and authorities.

(f) Excludes fuel tax credit business activity statement (BAS) refunds.

Tax performance

Our tax performance research program monitors the health of the system and our performance in managing it. We use a suite of measures that provide insights into the operation of the tax and superannuation systems – including tax gap estimates, and tax assured, which estimates the amount of tax that we are highly confident has been reported correctly.

We engage with taxpayers to ensure they are complying with all of their tax obligations. While addressing non-compliance through audits and other correction activities will always be an important part of our compliance approach, our real success lies in ensuring taxpayers get things right from the start. It also means locking in future compliance after we have made a correction and maintaining confidence that the right amount of taxes continues to be paid.

Where we have influenced taxpayers to now voluntarily pay the right amount of tax, we describe those revenue gains as wider revenue effects, and these represent an essential part of the total revenue effects. Total revenue effects measures are important in understanding how and where we are sustainably reducing the tax gap.

Tax gap estimates

Tax gaps estimate the difference between what the ATO collects and the amount that would have been collected if every taxpayer was fully compliant with the law. We publish tax gap estimates for all 15 income and transactional-based taxes, enabling us to report the total estimated tax gap for the Australian tax and superannuation system.

The tax gap prior to the impact of our engagement is referred to as the gross gap. More information about our engagement strategies and the gross gap is available on our website. The tax gap estimates shown in the following tables are net gaps; this shows the final amount that remains uncollected after ATO action.

For 2018–19, we estimate the overall net tax gap to be 7.3%, or \$33.5 billion, meaning the ATO received close to 93% of tax revenue we expected to collect, the bulk of which was collected voluntarily. The four-year trend is published as a part of our ongoing commitment to provide more transparency into the operation of the tax and superannuation systems. The net tax gap as a percentage has shown an overall declining trend since 2015–16, despite the slight increase in 2018–19.

Tax gap is a 'lag indicator' that tells us our tax performance in earlier years. The majority of our tax gap estimates are for 2018–19. As such, the impacts of COVID-19 will not be observed in these gaps until we can produce estimates for the 2019–20 year. Four of our tax gaps (GST, fuel excise, product stewardship for oil, and tobacco duty) are estimated for the 2019–20 year and give us the first insights into the impact of COVID-19. More detail on these insights is provided in the tax gap related trends and latest findings available at ato.gov.au/taxgap.

TABLE 3.4 Net tax gap estimate – all federal taxes, 2015–16 to 2019–20^{(a)(b)(c)(d)}

All taxes	Reliability assessment	Unit	2015–16	2016–17	2017–18	2018–19	2019–20
Tax gap	n/a ^(e)	%	8.0	7.5	7.1	7.3	–
		\$m	32,178	31,501	32,024	33,509	–

– = Results are not available for the given year.

Notes

- (a) All estimates are rounded to the nearest \$1 million.
 (b) Due to data lags, the estimate for 2019–20 is not available.
 (c) Changes from previously published estimates occur for a variety of reasons, including improvements to methods, revisions to data and additional information becoming available.
 (d) This estimate covers all transactional-based and income-based taxes estimated, as outlined in the tables below.
 (e) Reliability is assessed separately for all estimates, as outlined below.

We group our gap estimates into three main categories: transaction-based taxes, income-based taxes and administered programs (see tables 3.5, 3.6 and 3.7). We aim to identify, manage and sustainably reduce tax gaps over time and maximise voluntary compliance, engaging with a range of stakeholders to understand the risks and drivers and how we can collaboratively address the issues.

Recognising the importance of having reliable and credible tax gap estimates, we continue to engage with independent experts to provide advice on our estimation approaches.

An explanation of our methods and an analysis of each of the gaps are available at ato.gov.au/taxgap.

TABLE 3.5 Net tax gap estimates – Transaction-based taxes, 2015–16 to 2019–20^{(a)(b)(c)}

Tax type	Reliability assessment	Unit	2015–16	2016–17	2017–18	2018–19	2019–20
Taxes on goods and services							
GST	Medium	%	10.2	8.4	7.8	7.8	7.8
		\$m	6,493	5,527	5,316	5,442	5,267
Luxury car tax	Medium	%	10.1	5.8	7.8	9.0	–
		\$m	69	42	58	66	–
Wine equalisation tax	Medium	%	2.8	2.7	3.2	2.9	–
		\$m	23	22	28	29	–
Excise and customs duties							
Alcohol excise	Medium	%	9.0	9.1	9.1	9.0	–
		\$m	529	536	562	582	–
Fuel excise	Medium	%	1.9	1.8	1.4	0.5	2.0
		\$m	325	315	260	85	375
Tobacco duty	Medium	%	4.9	5.4	6.3	6.3	6.2
		\$m	520	621	834	860	909

– = Results are not available for the given year.

Notes

- (a) All estimates are rounded to the nearest \$1 million.
 (b) Due to data lags, only limited estimates are available for 2019–20.
 (c) Changes from previously published estimates occur for a variety of reasons, including improvements to methods, revisions to data and additional information becoming available.

TABLE 3.6 Net tax gap estimates – Income-based taxes, 2015–16 to 2019–20^{(a)(b)(c)}

Tax on income	Reliability assessment	Unit	2015–16	2016–17	2017–18	2018–19	2019–20
Fringe benefits tax	Medium	%	26.7	22.0	22.4	22.6	–
		\$m	1,577	1,175	1,107	1,134	–
High wealth	High	%	6.6	6.8	7.1	6.9	–
		\$m	660	727	846	760	–
Individuals not in business	High	%	6.2	6.1	5.9	5.6	–
		\$m	8,274	8,360	8,708	8,428	–
Large corporate groups	High	%	4.0	3.6	3.8	4.3	–
		\$m	1,697	1,794	2,104	2,631	–
Large superannuation funds	High	%	2.5	2.2	1.3	1.3	–
		\$m	217	251	160	113	–
Medium business	Medium	%	6.2	6.3	6.0	6.2	–
		\$m	716	784	834	814	–
Small superannuation funds	Low	%	2.4	2.6	2.9	2.8	–
		\$m	32	39	51	43	–
Small business	Medium	%	12.5	12.5	11.7	12.7 ^(d)	–
		\$m	11,027	11,292	11,135	12,500	–
Petroleum resource rent tax	Very High	%	1.7	1.7	1.9	2.2	–
		\$m	17	18	23	24	–

– = Results are not available for the given year.

Notes

- (a) All estimates are rounded to the nearest \$1 million.
(b) Due to data lags, estimates for 2019–20 are not available.
(c) Changes from previously published estimates occur for a variety of reasons, including improvements in methodology, revisions to data and additional information becoming available.
(d) The small business income tax gap estimate is based on a random enquiry program. The preliminary estimate was prepared from a smaller sample size due to the impacts of COVID-19 on our audit program leading to lower confidence. As such, this is a preliminary estimate that will be updated in 2021–22 and calculated from a larger sample size.

TABLE 3.7 Net gap estimates – Programs we administer, 2015–16 to 2019–20^{(a)(b)(c)}

Administered programs	Reliability assessment	Unit	2015–16	2016–17	2017–18	2018–19	2019–20
Superannuation guarantee	Medium	%	4.7	3.6	4.0	3.8	–
		\$m	2,692	2,141	2,449	2,453	–
Pay as you go (PAYG) withholding	Low	%	2.4	1.7	1.8	1.6	–
		\$m	4,186	3,068	3,431	3,377	–
Product Stewardship for oil	High	%	1.3	1.1	1.3	1.0	0.6
		\$m	1.3	1.3	1.6	1.2	0.9
Fuel tax credits	Medium	%	–0.2	–0.1	0.0	–0.1	–
		\$m	–10	–4	3	–7	–

– = Results are not available for the given year.

Notes

- (a) All estimates are rounded to the nearest \$1 million.
(b) Due to data lags, only limited estimates for 2019–20 are available.
(c) Changes from previously published estimates occur for a variety of reasons, including improvements in methodology, revisions to data and additional information becoming available.

Tax assured

Tax assured is an estimate of the proportion of tax that we are highly confident is correctly reported.

This measure is based on the concept of 'justified trust'. We achieve justified trust and consider tax to be assured when we have high quality positive evidence that the reporting of taxable income, deductions and offsets is complete and accurate.

We collect evidence to assure tax from a range of sources, including third parties to match against information reported to us, or directly from businesses we engage with to review and conclude they have paid the right amount of tax.

For individuals, our primary approach is to assure tax by matching information on taxpayers' income tax returns with third-party data, such as:

- salary and wage information received from employers through the PAYG withholding system
- interest and dividend data from financial institutions and public companies
- pensions and allowances from government departments.

For businesses, particularly larger businesses, we primarily assure tax by reviewing objective evidence obtained through one-to-one engagements with them.

Under our justified trust program, we undertake specific tax assurance engagements with:

- the top 100 and next 1,000 public and multinational businesses
- the top 500 private groups.

We also assure indirect tax through our ongoing relationships with large excise clients.

At 30 June 2021, we estimated that 45.5% of total tax reported for the 2018–19 tax year could be assured³. During 2019–20, we also assured an additional 2.0% for the 2017–18 tax year, bringing the total tax assured estimate for that year to 49.6%.

In practice, we cannot gather third-party data or other evidence to compare against all tax returns. As such, our tax assured estimates will always be lower than the actual amount of tax that is correctly reported.

Where we cannot gather evidence to assure tax, we rely on our broader risk management approaches to provide us with confidence in tax reporting. Our risk management approaches help us identify and deal with non-compliance through real-time analytics, benchmarking and sophisticated risk-detection algorithms. This is supported by various administrative systems and tools, including the taxable payments reporting system.

When considered together with our total revenue effects measure and tax gap estimates, tax assured gives us confidence and valuable insight into the integrity of the revenue system.

For more information, refer to ato.gov.au/taxassured.

³ We have applied an improved method to assure the GST reported for the large market that leads to a more accurate quantification of the tax assured, albeit, this year, a reduction in the amount of GST assured for this market. Using the previous method would have resulted in us assuring 46.6% of the 2018–19 tax base.

Total revenue effects

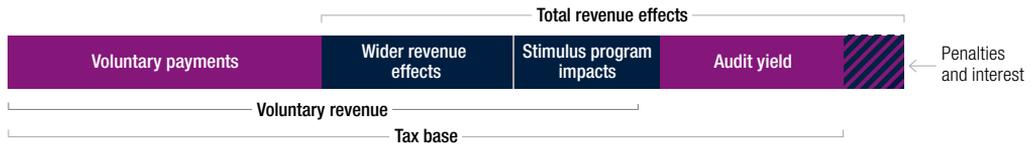
Total revenue effects measures the impact our activities have on improving taxpayer compliance. These activities ultimately improve levels of willing participation in the systems and programs we administer. Understanding and measuring the impact of our activities helps us to develop effective new strategies and improve existing ones.

In calculating total revenue effects, we include:

- the collection of liabilities, including penalties and interest, directly connected to adjustments we make as a result of our interventions (audit yield)
- the estimated additional tax paid voluntarily by clients we influence where there is a clear causal connection with our engagements (wider revenue effects)
- the reduction and collection of overpayments from administered stimulus programs.

Figure 3.1 shows how the wider revenue effects and audit yield combine with our other activities to add to the total tax base.

FIGURE 3.1 Total revenue effects



The total revenue effects for 2020–21 from all our compliance activities totalled \$11.5 billion, against our target of \$15 billion⁴. We raised a total of \$12.0 billion in tax liabilities and collected \$6.8 billion in audit yield (some relating to liabilities raised in previous years) from 5.2 million compliance activities. Additional tax paid voluntarily as wider revenue effects is estimated at \$3.5 billion.

Total revenue effects are affected this year by a range of factors relating to COVID-19, including taxpayers’ ability to pay, our cautious approach to compliance, application of penalties and interest, debt recovery, and our focus on supporting the Australian community in delivering the government’s stimulus measures. In 2020–21, the impact of our work (reducing overpayments by \$1.2 billion) to ensure compliance with JobKeeper and Cash Flow Boost is included in total revenue effects.

Due to the continued impact of COVID-19 and the lighter touch compliance approach, we tracked significantly below the total revenue effects target across the first nine months of the year. As resources were moved away from administering stimulus programs and back to our regular activities, along with some recovery of economic conditions, performance against the target improved in the final quarter.

⁴ The PBS target of \$15 billion was set using previous wider revenue effect model estimates. New models reduce this target by \$900 million.

The number of activities we completed this year increased. However, a pivot from stronger actions to a lighter touch approach which focused on help and assist lodgment activities, together with the impacts of COVID-19 on the community has meant that our liabilities and cash collections are lower this year.

For more information on total revenue effects, see ato.gov.au/totalrevenueeffects.

TABLE 3.8 Total revenue effects, 2018–19 to 2020–21^(a)

All taxes	2018–19	2019–20	2020–21
Total revenue effects	\$15.3b	\$13.7b	\$11.5b
▪ Audit yield	\$10.5b	\$9.5b	\$6.8b
▪ Wider revenue effects	\$4.8b	\$4.3b	\$3.5b ^(b)
▪ Stimulus measures	–	–	\$1.2b
Liabilities raised ^(c)	\$15.3b	\$13.7b	\$12.0b ^(d)
Compliance activities	4.3m	3.9m	5.2m

Notes

(a) Totals may differ from the sum of components due to rounding.

(b) A new model was used to estimate the wider revenue effects for activities related to individuals. The new model results are approximately \$900 million less than the previous model results, which accounts for the decline in total wider revenue effects in 2020–21.

(c) Some liabilities raised relate to compliance activity in previous years.

(d) 2020–21 liabilities raised figure excludes \$2.6 billion of liabilities that are considered outliers. Outlier cases include mistakes or deliberate fraud cases that are of such high value that our automated risk detection processes identify and stop such claims. These figures are excluded to avoid distorting the true impact of ATO discretionary action.

We categorise the revenue effects into three major components, those resulting from:

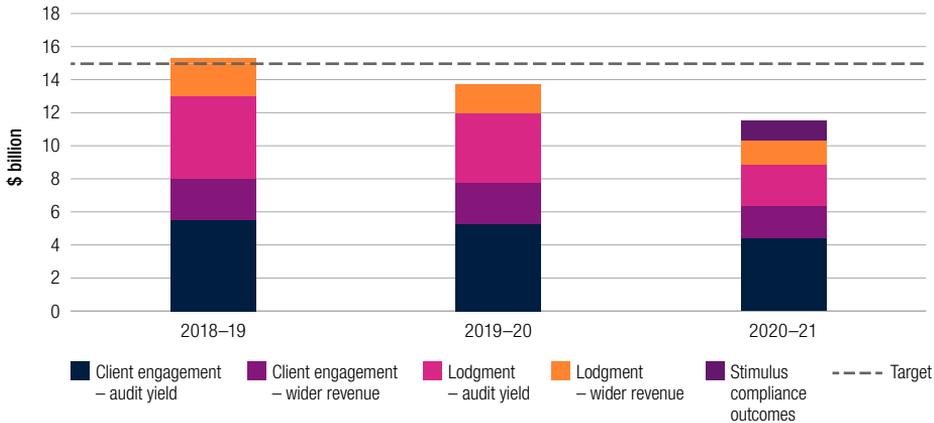
- lodgment – our compliance activities undertaken to improve or enforce the lodgment of due returns and statements
- client engagement – our compliance activities undertaken to ensure the right amount of tax and superannuation is assessed and paid
- stimulus measures – our compliance activities to prevent and recover overpayments related to JobKeeper and Cash Flow Boost.

We have a broad program to engage with clients to obtain outstanding lodgments, re-engage taxpayers with the tax system and sustain lodgment compliance. During 2020–21, our lodgment program was modified in response to the hardship caused by the COVID-19 lockdowns and general economic deterioration. Outbound telephony to engage with taxpayers was pivoted to provide greater help and assistance and away from taking firmer action and enforcement. The economic impact of the pandemic was reflected in a lower average tax from each lodgment obtained and increased refunds. This meant that our 3.8 million lodgment related activities in 2020–21 (up 800,000) contributed \$3.9 billion in total revenue effects (down more than \$2 billion).

Our client engagement results relate to helping people get it right up front, correcting or addressing non-compliance where necessary, and locking in future compliance. This year we undertook 1.4 million client engagement interventions to improve compliance with an overall contribution estimated at \$6.4 billion of total revenue effects.

Our stimulus-related compliance activities formed a significant portion of overall compliance activities in the first half of 2020–21, our efforts are estimated to have reduced or recovered overpayments of \$1.2 billion of total revenue effects.

Figure 3.2 provides the breakdown of the three components described above.

FIGURE 3.2 Total revenue effects, 2018–19 to 2020–21 by estimated source of total revenue effects**Notes**

- Audit yield is a combination of actual cash collections and estimates of collections based on sampling.
- Collections also include collections on tax, penalties and interest raised in prior years.
- Results also include our activities to prevent incorrect refunds or payments being issued.
- Cash collections include cash paid on disputed amended assessments raised.
- Client engagement includes all preventative and corrective interactions and excludes lodgment.

Income tax

Through our compliance activities, we raised an additional \$11.1 billion in liabilities and wider revenue effects for income tax in 2020–21, resulting in total revenue effects of \$7.4 billion.

TABLE 3.9 Income tax liabilities raised (plans and results), 2018–19 to 2020–21

Liabilities / wider revenue effects plans and results	2018–19 \$m	2019–20 \$m	2020–21 \$m
Plans	13,911	14,154	13,026 ^(a)
Liabilities raised	14,953	12,676	11,078 ^(b)

Notes

- (a) The plan for 2020–21 was lower than prior years in recognition of COVID-19 and impacts to the community and delivery of work programs.
- (b) This includes around \$426 million in income tax liabilities, including \$217 million from large businesses, as a result of voluntary disclosures in 2020–21.

TABLE 3.10 Income tax total revenue effects, 2018–19 to 2020–21^(a)

Results		2018–19 \$m	2019–20 \$m	2020–21 \$m
Measures	Audit yield	4,211	4,052	2,573
	Wider revenue effects	589	779	1,173
Base	Audit yield	3,335	2,628	2,048
	Wider revenue effects	3,276	2,680	1,567
TOTAL		11,410	10,139	7,361

Note

- (a) Totals may differ from the sum of components due to rounding.

Goods and services tax

Through our compliance activities, we raised an additional \$3.6 billion in liabilities and wider revenue effects for GST in 2020–21 resulting in total revenue effects of \$2.7 billion.

TABLE 3.11 GST liabilities raised (plans and results), 2018–19 to 2020–21

Liabilities / wider revenue effects plans and results	2018–19 \$m	2019–20 \$m	2020–21 \$m
Plans	3,563	3,705	3,188
Liabilities raised	4,346	3,675	3,594 ^(a)

Note

(a) This includes around \$504 million in GST liabilities, including \$287 million from large businesses, as a result of voluntary disclosures in 2020–21.

TABLE 3.12 GST total revenue effects, 2018–19 to 2020–21

Results	2018–19 \$m	2019–20 \$m	2020–21 \$m	
Measures	Audit yield	1,483	1,269	1,118
	Wider revenue effects	146	248	249
Base	Audit yield	1,169	1,156	765
	Wider revenue effects	814	600	547
TOTAL	3,612	3,273	2,679	

More information is available in our *GST administration annual performance report* at ato.gov.au/GSTadministration.

Excise and other indirect taxes

In 2020–21, we raised excise liabilities of \$6.2 million from compliance activities and collected \$4.5 million in cash (including collections from liabilities raised in previous years).

For excise transfers (predominantly fuel tax credits), our compliance activities resulted in adjustments in favour of taxpayers of \$74.4 million, and adjustments in favour of revenue of \$20.0 million. Of adjustments in favour of revenue, we collected \$8.0 million from liabilities raised this year and previous years.

As a result of undertaking activities aimed at improving levels of willing participation within the tax and superannuation systems, it is estimated that an additional \$31 million in fuel tax credits has been claimed by taxpayers.

JobKeeper and Cash Flow Boost

Compliance activities related to JobKeeper and Cash Flow Boost formed a significant portion of overall compliance activities completed for the first half of 2020–21.

Our estimate of the overall impact of our compliance work on JobKeeper overpayments reveals that \$89 million was recovered, over \$274 million was stopped, and we averted a further \$763 million in likely incorrect claims in later periods (where a claim had been previously stopped or recovered).

The impact of our Cash Flow Boost compliance work is estimated to have reduced overpayments by \$97 million.

Penalties and interest

Interest is charged on unpaid tax liabilities to ensure fairness for taxpayers who do pay on time and the community as a whole. The penalty provisions encourage taxpayers to take reasonable care in complying with their tax obligations. We can generally remit (reduce or cancel) interest charges and penalties where this is fair and reasonable. Table 3.13 shows the penalties and interest for 2018–19 to 2020–21.

TABLE 3.13 Penalties and interest, 2018–19 to 2020–21

Penalties and interest		2018–19 \$m	2019–20 \$m	2020–21 \$m
Penalties	Applicable	1,387	499	1,345
	Remitted	375	220	149
	Collected	562	311	219
Interest	Applicable	3,871	2,325	4,559
	Remitted	832	1,062	1,079
	Collected	1,628	2,071	1,609

Additional analysis on the behavioural penalties imposed during 2020–21 is available at ato.gov.au/behaviouralpenalties.

Working holiday maker framework

Working holiday makers are subject to a different rate of income tax, including amounts of income tax withholding, regardless of their residency status.

Employers are required to register with us to allow them to apply the different rates of PAYG withholding to payments they make to working holiday makers. At 30 June 2021, there were over 62,600 employers registered.

Table 3.14 shows updated figures for tax returns that were lodged by 30 June 2021 where an amount of net income for working holiday makers was declared.

TABLE 3.14 Working holiday maker tax returns processed, 2017–18 to 2020–21

Results	2018–19 tax returns ^(a)	2019–20 tax returns ^(b)	2020–21 tax returns ^(b)
Number of tax returns lodged by working holiday makers	99,895	81,182	287
Average taxable income	\$22,891	\$25,095	\$19,049
Average income tax withheld	\$3,975	\$4,560	\$3,089
Average income tax assessed as payable	\$3,886	\$4,322	\$2,982

Notes

(a) 2018–19 results include processing up to 31 October 2020.

(b) 2019–20 and 2020–21 results include returns lodged by 30 June 2021, reflecting early lodged tax returns for 2020–21.

04

Management and accountability

Corporate governance

Our governance arrangements support the Commissioner in leading the ATO, setting our strategic direction and ensuring we meet our commitments to government and the community. Arrangements we have in place to assist us in implementing the principles and objectives of corporate governance include:

- sound governance structures
- integrated fraud and risk management
- open and transparent operations
- being accountable to our stakeholders.

We fulfil our corporate governance responsibilities by complying with accountability requirements in legislation and policy and meeting public expectations of good management. We regularly review our corporate governance arrangements and ensure our staff have training and information on how the ATO is governed and how we are all held to account.

Our governance structures

Our governance system leads and guides our organisation. It sets the direction required to achieve our outcomes and meet our commitments to government and the community. Our governance model helps us optimise performance, oversee progress against our purpose and strategic objectives, fulfil our accountabilities, and discharge our obligations. Our governance structure is shown in Figure 4.1.

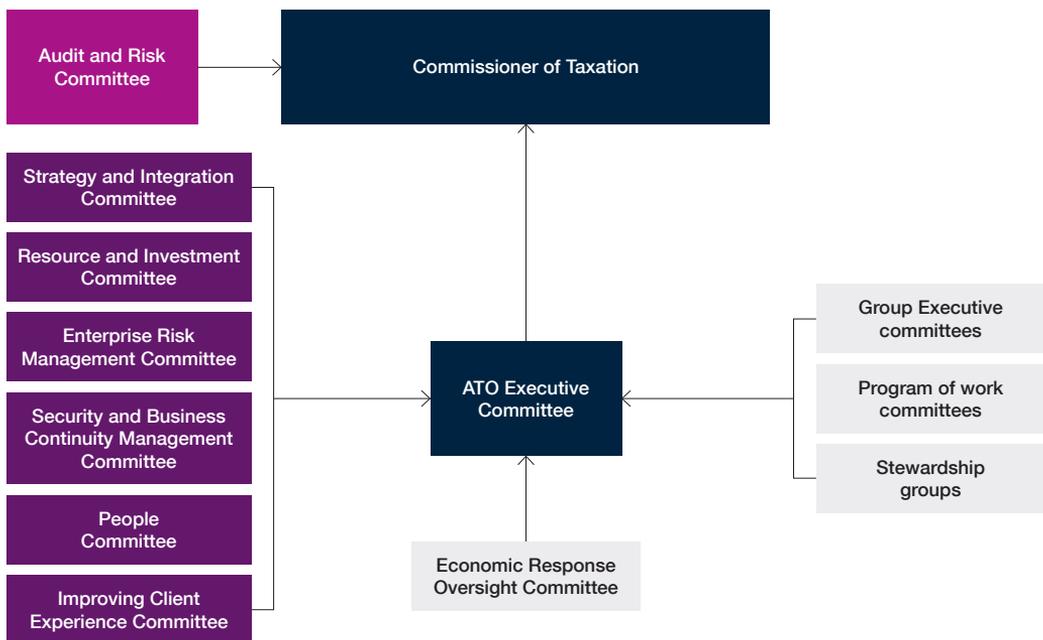
The Commissioner is responsible for governing the ATO; from setting our strategic direction, through to ensuring we meet expected outcomes and obligations. The Commissioner is supported by both the Audit and Risk Committee and the ATO Executive Committee.

The Audit and Risk Committee provides the Commissioner with independent assurance and advice on the appropriateness of the ATO’s annual financial statements, performance statements, performance reporting, system of risk oversight and management, and system of internal controls. For more information about committee members, see the Audit and Risk Committee on page 74.

The ATO Executive Committee is supported by an established structure of senior management committees, group executive committees, key corporate committees and stewardship groups. These groups monitor various aspects of our performance, make decisions and recommendations, and help us to be responsive to emerging change. The members of the Executive team and their specific responsibilities are outlined on pages 6–9.

We continue to review the roles of our committees and their membership to ensure our governance system remains purposeful, efficient and effective.

FIGURE 4.1 ATO governance structure, at 30 June 2021



The ATO organisational structure is shown in Figure 1.2 on page 10.

It is a requirement of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) to list the details of the Accountable Authority during the current reporting period. This is provided in Table 4.1

TABLE 4.1 Details of the Accountable Authority, 2020–21

Name	Position title	Period as the Accountable Authority	
		Date of commencement	Date of cessation
Chris Jordan AO	Commissioner of Taxation	1 January 2013	29 February 2024

Fraud and risk management

The minimum standards for the management of fraud are set out in the PGPA Act. They include conducting fraud risk assessments, developing and implementing a fraud control plan, and having mechanisms for dealing with fraud. The PGPA Act also requires that agencies establish and maintain appropriate systems and internal controls for risk oversight and management.

Fraud management

The *Commonwealth fraud control framework 2017* outlines the Australian Government's requirements for fraud control, including that government entities put in place a comprehensive fraud control program with appropriate prevention, detection, investigation and reporting strategies.

Fraud against the Commonwealth is a criminal offence that impacts directly on Australians. It undermines confidence in the government and reduces the funds available for delivering public goods and services. The ATO considers and addresses potentially fraudulent activity occurring within our organisation and fraud risks from external sources.

Internal fraud prevention and investigations

Throughout the year, we prevented, detected, disrupted and investigated potentially fraudulent activity in the ATO, in line with the Commonwealth fraud control framework.

Potential fraudulent behaviour is identified through a variety of means – including data interrogation, risk assessment and allegations – through both internal and external channels. All allegations are assessed and actioned appropriately, including collaborating with the Australian Federal Police if necessary.

On 1 January 2021, the ATO came under the jurisdiction of the Australian Commission for Law Enforcement Integrity (ACLEI) – the statutory authority which detects, investigates and prevents corruption in prescribed Australian law enforcement bodies and their staff. We work closely with ACLEI to assess corruption matters on a case-by-case basis. Five matters were referred during the first six months of its jurisdiction, four remain under assessment by ACLEI and one matter was accepted for joint investigation with the ATO and is in progress.

Over the course of this year, we identified 432 matters of potential internal fraud, corruption or serious misconduct risk that required further investigation. Table 4.2 shows the number of internal fraud allegations or reports investigated, by outcome, for 2020–21.

TABLE 4.2 Internal fraud allegations or reports investigated, by outcome, 2020–21

Outcome	Number investigated
Substantiated ^(a)	108
Unsubstantiated	237
Unable to be determined	15
Ongoing as at 30 June 2021	72
TOTAL	432

Note

(a) Of the 108 substantiated matters, one warranted referral for criminal prosecution and the remaining 107 were dealt with administratively or procedurally under Australian Public Service (APS) Code of Conduct determinations.

Unauthorised access remains the largest category of substantiated allegations, and 96% of cases were identified through our proactive detection scanning and integrity monitoring. The majority involved an employee accessing their own records, those of family members or other people known to them. While such accesses usually do not indicate malicious fraudulent behaviour, the ATO treats breaches seriously and comprehensive investigations are conducted. During the year, two briefs of evidence regarding unauthorised access to taxpayer records by former employees were referred to the Commonwealth Director of Public Prosecutions for consideration of criminal prosecution. One of these briefs was a substantiated investigation that carried over from the previous financial year.

We continually monitor our systems to identify material shifts in risk exposure and conduct regular risk assessments to inform the *ATO fraud and corruption control plan 2020–21*.

We invest extensively in fraud prevention activities and provide support for staff to minimise the risk of internal fraud and corruption. We continually develop our range of self-help material and contemporary communication products. A new 'Speak Up' campaign was launched to provide employees with a trusted place to report integrity concerns. The concept provides a central mailbox and hotline to ensure reports are referred to the most appropriate area in the ATO for action.

We also run education and awareness sessions, engaging staff in conversations about potential internal fraud and corruption risks within their business areas. These sessions complement the ATO's mandatory security, privacy and fraud training package, which is to be completed annually by all ATO staff.

Crime in the tax and superannuation systems

It is the responsibility of the ATO to protect the tax and superannuation systems against fraud and related crimes. While most taxpayers do the right thing, we need to safeguard the system from those who don't. We continually improve our systems to prevent and detect fraud.

As we implemented the ATO-administered measures of the Commonwealth Coronavirus Economic Response Package, our focus was on processing eligibility as quickly as possible, while still protecting the integrity of the tax and superannuation systems against the small number who attempt to gain benefits they are not entitled to. The economic stimulus legislation was designed with integrity in mind – for example, eligibility for the stimulus measures relies predominantly on information already registered in our systems.

Along with additional layers of protection designed specifically for the stimulus measures, we also deployed all our existing sophisticated integrity and risk models. Additionally, we worked across government to investigate instances of fraud against the stimulus measures and bring offenders to account.

We lead and participate in taskforces that provide a whole-of-government response to serious financial crime and related non-compliant behaviour that may undermine the integrity of our tax and superannuation systems. The ATO is the lead agency for the Serious Financial Crime, Phoenix and Black Economy taskforces, and contributes to the outcomes of the Illicit Tobacco Taskforce by targeting, disrupting and dismantling organised crime syndicates that deal in illicit tobacco.

For more information about our work to protect the integrity of the tax and superannuation systems, see Strategic objective: G1 Government on page 16.

In our efforts to protect the tax and superannuation systems, we strengthened international alliances through our involvement in the Joint Chiefs of Global Tax Enforcement. We also actively supported the Organisation for Economic Co-operation and Development (OECD) in its efforts to enhance international cooperation in the fight against international tax and other related crimes.

For more information about our work with the OECD, see Strategic objective: C2 Client on page 24.

Risk management

Whole-of-government requirements for risk management are set out in the *Commonwealth risk management policy*, and in section 16 of the PGPA Act – which specifies that agencies have a duty to establish and maintain an appropriate system of risk oversight, management and internal control.

The Commissioner and members of the ATO Executive promote a positive and sensible approach to risk management, and continuous improvement of risk practice across the ATO.

The ATO Chief Risk Officer directs a program of work to ensure fit-for-purpose risk management is embedded into decision-making processes across our day-to-day operations through supporting the execution of our Enterprise Risk Management Framework across the ATO.

The Enterprise Risk Management Committee (ERMC) has primary responsibility for maintaining a view of the ATO's key risks and the broader system of risk oversight and management in operation. In conjunction with the Audit and Risk Committee, assurance is provided to the ATO Executive that risk is being effectively identified and appropriately managed throughout the organisation.

The ongoing challenges of 2020–21 – in particular, the continuing effects of a global pandemic – have further reinforced the importance of a cohesive, adaptive, whole-of-ATO approach to risk management. Importantly, we effectively managed the risks related to the rapid implementation of the government's economic stimulus measures in response to COVID-19.

As a part of our continuous improvement to risk practice, this year we identified 12 priority risks to monitor and assure, in order to best manage any potential impacts in achieving our strategic objectives. Into 2021–22, we will build on this work, with a strong focus on setting clear accountabilities and tolerances, and monitoring performance of priority risks to ensure they remain within acceptable levels.

Reflecting progress made, the ATO achieved strong overall results in the 2021 Comcover Risk Management Benchmarking Program, further demonstrating the effectiveness of our system of risk oversight and control.

Internal audit

The Chief Internal Auditor directs a comprehensive program of assurance, audit and advisory services. This work assists the Commissioner, the Audit and Risk Committee and the ATO Executive to achieve their business objectives. The ATO Internal audit branch works together with other internal assurance teams to develop, maintain and monitor efficient and effective systems of internal control, risk management and corporate governance. The branch also works with internal and external scrutineers on matters of mutual interest, coordinating assurance activity and reducing duplication of audit effort.

Audit and Risk Committee

Our Audit and Risk Committee provides independent assurance and advice on the appropriateness of the ATO's annual financial statements, performance statements, performance reporting, system of risk oversight and management, and system of internal controls. The committee's charter outlining the functions of the committee is available on our website at ato.gov.au/auditandriskcommitteecharter.

Committee members bring a broad range of private and public sector experience and skills, including finance, accounting, audit, legal, compliance, risk management, due diligence, and information technology. In order to provide advice and assurance to the Commissioner about the appropriateness of the ATO's financial and performance reporting, the committee is supported by specialised subcommittees for financial statements and performance statements. The committee complies with section 45 of the PGPA Act and section 17 of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) on audit committees for Commonwealth entities.

All members of the committee during 2020–21 are listed in Table 4.3. In 2020–21 the committee comprised three independent members and two ATO senior executives.

TABLE 4.3 Details of the Audit and Risk Committee, 2020–21^(a)

Member name	Qualifications, knowledge, skills and experience	Number of meetings attended / total meetings ^(b)	Total annual remuneration (\$)
Peter Achterstraat, AM (Chair)	<ul style="list-style-type: none"> ▪ Bachelor of Commerce, Bachelor of Laws, Bachelor of Economics (Hons) ▪ Fellow of Chartered Accountants Australia and New Zealand, Certified Practising Accountants (CPA) Australia, the Governance Institute of Australia and the Australian Institute of Management ▪ Chair of the Australian Securities and Investments Commission (ASIC) Audit Committee since October 2019 ▪ Commissioner of the NSW Productivity Commission since May 2018 ▪ Chair of the ATO Audit and Risk Committee since March 2018 ▪ President of the Australian Institute of Company Directors (NSW Division), 2014–2020 ▪ President of the Institute of Public Administration Australia (NSW Division), 2009–2014 ▪ Auditor-General of NSW, 2006–2013 ▪ NSW Chief Commissioner of State Revenue, 1999–2006 ▪ More than 30 years experience in finance and governance 	12/12	88,013
John Brown	<ul style="list-style-type: none"> ▪ Bachelor of Commerce ▪ Fellow of Chartered Accountants Australia and New Zealand ▪ Member of the ATO Audit and Risk Committee, May 2013 – May 2021 ▪ Board member and chair of the Audit Committee of Sydney Water, 2004–2013 ▪ Partner, 1979–2006; and 36 years experience with KPMG 	11/12	48,305
Carol Holley	<ul style="list-style-type: none"> ▪ Bachelor of Arts ▪ Fellow of the Australian Institute of Company Directors, and Chartered Accountants Australia and New Zealand ▪ Member of the ATO Audit and Risk Committee since January 2020 ▪ Current chair or member of several Audit and Risk Committees of the NSW government ▪ Former non-executive director and chair of several other Audit and Risk Committees, including: <ul style="list-style-type: none"> — Australian Nuclear and Science Organisation, 2016–2021 — Defence Housing Australia, 2009–2016 — Australian Pharmaceutical Industries, 2006–2016 	12/12	41,143

TABLE 4.3 Details of the Audit and Risk Committee, 2020–21^(a) *continued*

Member name	Qualifications, knowledge, skills and experience	Number of meetings attended / total meetings ^(b)	Total annual remuneration (\$)
ATO Members^(c)			
Acting Second Commissioner Kirsten Fish	<ul style="list-style-type: none"> ▪ Bachelor of Commerce, Bachelor of Laws, Master of Laws ▪ Admitted to practice in the Supreme Court of NSW and the High Court of Australia, current NSW Legal Practising Certificate ▪ Member of the Law Society, Chartered Tax Advisor and member of The Tax Institute ▪ Member of the ATO Audit and Risk Committee, October 2020 – June 2021 ▪ Acting Second Commissioner, ATO, March–June 2020 and October 2020 – June 2021 ▪ Chief Tax Counsel, ATO, 2015–2020 ▪ Partner, Clayton Utz, 2008–2014 	7/12	–
Acting Second Commissioner Deborah Jenkins	<ul style="list-style-type: none"> ▪ Bachelor of Business Studies (Financial Economics) Hons ▪ Chartered Tax Advisor and member of The Tax Institute ▪ Member of the Audit and Risk Committee, July–September 2020 ▪ Acting Second Commissioner Law Design and Practice, ATO, July–September 2020 ▪ Deputy Commissioner in the ATO since 2017 ▪ Assistant Commissioner in the ATO, 2015–2017 ▪ Partner, KPMG, 2007–2015 ▪ More than 20 years tax experience in the private and public sector 	5/12	–
Assistant Commissioner Rajitha Srikhanta (Deputy Chair)	<ul style="list-style-type: none"> ▪ Certified Practising Accountant ▪ Bachelor of Business (Accounting) ▪ Deputy Chair of the ATO Audit and Risk Committee since July 2019 ▪ Assistant Commissioner in the ATO since 2015 ▪ Over 20 years public service and tax administration experience 	12/12	–

Notes

- (a) While the ATO Audit and Risk Committee financial year operates from 7 October to 2 October, the details in this table cover the period from 1 July 2020 to 30 June 2021.
- (b) The number of meetings attended are in accordance with their term as a member of the Audit and Risk Committee, which may not be the full year. Meetings held out of session are excluded.
- (c) ATO personnel do not receive additional remuneration for their participation on the ATO Audit and Risk Committee.

The ATO Audit and Risk Committee includes the Tax Practitioners Board (TPB) and the Australian Charities and Not-for-profits Commission (ACNC). The TPB and the ACNC also have their own Audit and Risk Committees, which are considered subcommittees of the ATO's Audit and Risk Committee. The TPB and the ACNC are independent statutory authorities, however the Commissioner is the accountable authority for the ATO, the TPB and the ACNC.

Conformance with obligations

Our 'Conformance with obligations' program is a key component of our governance arrangements. The program is aligned with Australian Standards *AS ISO 19600:2015 Compliance management systems – Guidelines*. The program aims to:

- reduce risks of non-conformance, while increasing the likelihood of early detection and correction
- improve employee awareness of legal and policy obligations at all levels of the organisation
- foster a culture that does not tolerate illegal or unethical behaviour, preventing corporate misconduct
- drive positive organisational change through monitoring, measurement and assessment
- enhance community confidence in our activities.

Assurance that we are meeting our legislative and policy obligations is provided in quarterly conformance statements from responsible senior management and from our integrity indicator results. By asking our business areas how they are managing potential risks and instances of non-conformance, we drive continuous improvement in our systems and procedures. Findings are regularly reviewed by the Audit and Risk Committee.

Open and transparent operations

Australia's tax and superannuation systems are community assets. Appropriate access to information about these systems enhances transparency and leads to increased levels of trust and confidence.

External scrutiny

External scrutineers provide independent reviews of the ATO's operation – either as the result of their own annual program of work, or in response to concerns raised by members of the public and the Australian Parliament. Reviews help us to identify options for improving services to our clients, address potential barriers to willing participation, and ensure the successful delivery of outcomes in our administration of the tax and superannuation systems.

The TPB and the ACNC publish additional information about external scrutiny in their annual reports.

Judicial reviews and administrative tribunals

The courts may be called upon to determine the application of tax law. See Appendix 5 for a list of significant cases decided by the courts and the Administrative Appeals Tribunal (AAT).

Australian Information Commissioner

The Office of the Australian Information Commissioner (OAIC), established under the *Australian Information Commissioner Act 2010*, provides independent oversight of privacy protection and access under the *Freedom of Information Act 1982* (FOI Act).

In 2020–21, we registered 15 cases where the OAIC notified the ATO of a review of our FOI Act decisions. In the same period, we finalised 11 cases where the OAIC notified the ATO of the decision. Of those 11, three were discontinued by the OAIC, three were withdrawn by the applicant and, in the remaining five, the OAIC affirmed one ATO decision and varied four.

Details of OAIC investigations are available at [oaic.gov.au](https://www.oaic.gov.au).

Freedom of information

We use our website to give people access to documents and policies that we use in making decisions. In addition, we provide information under the FOI Act. Past documents released under the FOI Act are publicly listed on our FOI Act disclosure log, other than documents exempt from this requirement. The disclosure log is available at [ato.gov.au/foi](https://www.ato.gov.au/foi).

As an agency covered by the FOI Act, the ATO is also required to publish information as part of the Information Publication Scheme (IPS), displaying on our website a plan showing what information we publish in accordance with the IPS requirements. The ATO IPS plan is available at [ato.gov.au/ips](https://www.ato.gov.au/ips). As the TPB and the ACNC operate as independent bodies, they publish separate plans on their websites. See [tpb.gov.au](https://www.tpb.gov.au) and [acnc.gov.au](https://www.acnc.gov.au).

The IPS is a requirement in Part II of the FOI Act, and has replaced the former requirement to publish a 'Section 8' statement in an annual report.

Auditor-General

The Auditor-General, operating under the *Auditor-General Act 1997*, is supported by the Australian National Audit Office (ANAO) to produce independent performance audits, financial statement audits, and assurance reviews.

The following performance audits concerning the ATO were tabled in 2020–21:

- Establishment and Use of ICT Related Procurement Panels and Arrangements – across entities (August 2020)
- The Australian Taxation Office's Management of Risks Related to the Rapid Implementation of COVID-19 Economic Response Measures (December 2020).

The reports on these performance audits are available at anao.gov.au. Details of the ANAO financial audit of our operations are provided in Part 5 of this report.

Parliamentary committees

Each year, the ATO appears before a number of parliamentary committees to answer questions about our administration of the tax and superannuation systems.

House committees

The House of Representatives Standing Committee on Tax and Revenue is tasked with reviewing the performance of the ATO as outlined in our annual reports. In 2020–21, we appeared before one House committee – the Tax and Revenue Committee Inquiry into the Commissioner of Taxation Annual Report 2018–19.

Senate committees

We appeared with Treasury at five Senate Estimates hearings in 2020–21, responding to approximately 414 questions on notice, as well as the following Senate Committee inquiries:

- Senate Standing Committee on Rural and Regional Affairs and Transport References Committee inquiry into the importance of a viable, safe, sustainable and efficient road transport industry
- Senate Select Committee on COVID-19^(a)
- Senate Economics Legislation Committee inquiry into Treasury Laws Amendment (Your Future, Your Super) Bill 2021 [Provisions]
- Senate Standing Committee on Indigenous Affairs inquiry into Pathways and Participation Opportunities for Indigenous Australians in Employment and Business
- Senate Economics References Committee inquiry into the Unlawful Underpayment of Employees' Remuneration
- Senate Standing Committee on Community Affairs inquiry into Centrelink's compliance program^(b)
- Senate Finance and Public Administration Legislation Committee inquiry into the PGPA Amendment (Tax Transparency in Procurement and Grants) Bill 2019.

Notes

(a) We appeared four times at the Senate Select Committee on COVID-19 in 2020–21.

(b) We appeared twice at the Senate Standing Committee on Community Affairs in 2020–21.

Joint committees

We did not appear before any joint committee inquiries.

Inspector-General of Taxation and Taxation Ombudsman

The Inspector-General of Taxation and Taxation Ombudsman (IGTO), established under the *Inspector-General of Taxation Act 2003*, undertakes reviews and investigations to identify systemic issues in the administration of tax law. These may be at the request of the government or the ATO, through environmental scans or following complaints from the public.

The IGTO released the following reviews and reports in 2020–21:

- Death and Taxes: An investigation into ATO systems and processes for dealing with Deceased Estates (July 2020)
- Aspects of the ATO's Administration of JobKeeper and Boosting Cash Flow Payments for New Entities (December 2020)
- An investigation and exploration of Undisputed Tax Debts in Australia (June 2021).

The full reports are available at igt.gov.au.

The ATO and IGTO have worked together to ensure complaints are directed and escalated through the right channels. This streamlining of processes has contributed to a significant reduction in the number of complaints the ATO received via the IGTO, compared to previous years. In 2020–21, the ATO received 686 complaints via the IGTO (compared to 1,382 in 2019–20). Of these:

- 161 complaints (23.5%) had not previously been lodged with us and were subsequently transferred back to our complaint-handling process
- 525 complaints (76.5%) were referred to us to provide a response to the IGTO for resolution with the client.

IGTO-reported complaints encompass assistance and assurance, and are more enquiry-like in nature.

Commonwealth Ombudsman

While the IGTO investigates complaints from the public about administrative actions of the ATO and TPB, the Commonwealth Ombudsman provides oversight in the ATO's management of allegations and complaints made under the *Public Interest Disclosure Act 2013* (PID Act) and *Public Interest Disclosure Standard 2013* (PID Standard).

Public interest disclosures received by the ATO are managed in accordance with ATO procedures, which meet the requirements of the PID Act, PID Standard and Commonwealth Ombudsman guidelines.

During 2020–21:

- 16 disclosures were made direct to the ATO
- 2 additional disclosures were referred to us from the Ombudsman
- no disclosures were referred by the ATO to the Australian Federal Police for investigation.

Additionally, we were notified by the Ombudsman that the ATO, along with other government agencies, is the subject of an own-motion investigation aimed at reviewing our administration of, and compliance with, the PID Act. This investigation is ongoing.

Disability reporting

The *National Disability Strategy 2010–2020* is Australia's overarching framework for disability reform. It acts to ensure the principles underpinning the United Nations Convention on the Rights of Persons with Disabilities are incorporated into Australia's policies and programs that affect people with disability, their families and carers. The Australian Government remains committed to the development of a new National Disability Strategy which is due to be released in 2021.

All levels of government will continue to be held accountable for the implementation of the strategy through biennial progress reporting to the Council of Australian Governments. Progress reports can be found at dss.gov.au.

Disability reporting is included in the Australian Public Service Commission's State of the Service reports and the APS Statistical Bulletin. These reports are available at apsc.gov.au.

In 2020–21 we developed the ATO's *2024 Diversity and inclusion strategy*. Through this strategy we will continue to support individuals who identify with disability – through employment, retention and career development initiatives. The number of employees who voluntarily identify with disability increased to 4.2% of our ongoing workforce in 2020–21.

We remain focused on building the ATO's reputation as an employer of choice for people with disability by increasing awareness of what we can offer potential employees. We are also doing more to encourage current employees to self-identify in human resource systems – to allow the ATO to better understand the diversity of staff and connect them to opportunities and relevant information.

In 2020–21, the ATO continued to deliver initiatives for employees with disability which included upgrades to technology and software to provide more contemporary, reliable and flexible tools to support staff while working from home, and in the office. We have also provided employment opportunities for people on the autism spectrum via entry-level employment programs.

The ATO offers all staff support and reasonable adjustment options and local assistance via our site-based People Support Teams. We also promote the National Disability and Ally Network and the Neurodiversity Employee Network, to facilitate the sharing of experiences for staff who identify as having disability, as well as allies or staff who are closely connected to someone who has disability or neurodiversity.

Being accountable to our stakeholders

We are accountable to our ministers, parliament and the community for how we administer the tax and superannuation systems. This includes being accountable for how we deal with people and the information they share with us.

The Taxpayers' Charter outlines our commitment to dealing with taxpayers in a way that is professional, considers their circumstances, and provides them with relevant information.

We understand that people will sometimes be unsatisfied with their interactions with us. Our complaints process is designed to make it easy for them to raise an issue with us.

As required under Section 3B of the *Taxation Administration Act 1953* (TAA), our annual report includes additional information on disclosures of taxpayer information that occurred during the year.

Taxpayers' Charter

We work to build a relationship with the community that is based on mutual trust and respect. Our Taxpayers' Charter sets out our commitment to act professionally, treat taxpayers fairly and reasonably, and help them meet their obligations by providing accurate, consistent and clear information. The charter explains:

- taxpayers' rights
- taxpayers' taxation obligations
- what taxpayers can do if they are not satisfied with our decisions, actions or service
- the standard of service taxpayers can expect from us.

Information describing how the charter applies in different contexts – for example, in an audit – is available on our website at ato.gov.au/charter.

For more information about how we measure the effectiveness of the Taxpayers’ Charter, see Appendix 2.

Complaints handling

The ATO continues to focus on improving the experience of our clients. Complaints, feedback and compliments provide valuable insights that help us to enhance our services. The ATO’s delivery of the COVID-19 stimulus measures, which benefited millions of Australians, had a flow-on effect to complaints. During 2020–21, we received around 6,300 complaints related to these measures, which are included in the issues listed below. Across all categories, we received 24,740 complaints in 2020–21; almost equalling the 2019–20 figure of 24,778 (which was also affected by COVID-19).

Complaints continue to represent a very small proportion of our interactions with clients. Of the 19.5 million tax returns lodged annually, about 0.1% of our interactions resulted in complaints. We met our service commitment target, with a complaint finalisation result of 85% resolved in 15 business days or within the date negotiated with the client.

In 2020–21, the ATO received 2,578 items of feedback which most often related to enhancements to our digital services, as well as our communication products and channels. In addition, we received 2,051 compliments from the community. This recognised our efforts to deliver good client experiences, often relating to positive interactions with our staff, as well as the delivery of stimulus measures and our digital services.

FIGURE 4.2 Complaint issues, 2020–21



Notes

Our complaint issues categories changed on 1 July 2020, and therefore cannot be compared to previous years.

The number of complaint issues is different to the total number of complaints, for the following reasons:

- a single complaint may include multiple issues
- a complaint issue may not have been captured (for example, where we resolved it during the client’s initial interaction).

Reporting on tax administration

The *Taxation Administration Act 1953* (TAA) provides the ATO with powers to administer the tax system. Under section 3B of the Act, we must report each year on whether the information we hold has been disclosed to other parties.

Disclosures to ministers

During 2020–21, there were 9 occasions on which information was disclosed to ministers under subsection 355-55(1) in Schedule 1 of the TAA:

- 8 occasions to the Minister for Housing and Assistant Treasurer
- 1 occasion to the Assistant Minister for Superannuation, Financial Services and Financial Technology.

Requests and disclosures made to law enforcement agencies

Subsection 355-70(1) in Schedule 1 of the TAA allows the ATO to disclose information to law enforcement agencies in certain circumstances. Details of the information requests made and subsequently provided under this section are reported in Appendix 11.

Disclosure of protected information

We are required to report on the number (if any) of taxation officers found guilty of disclosing protected information, which is a specific offence listed in section 355-25 in Schedule 1 of the TAA.

In 2020–21 there were no taxation officers found guilty of such an offence.

Exercise of the Commissioner's remedial power

Subdivision 370-A in Schedule 1 of the TAA grants the Commissioner limited powers to modify the operation of the law where it is not working as intended or is creating disproportionate compliance costs. The Commissioner's remedial power provides the ability to resolve smaller unforeseen or unintended outcomes in the tax and superannuation law in limited circumstances.

The Commissioner exercised this power twice in 2020–21:

- In December 2020, a modification took effect enabling disabled people access to GST-free supplies of cars and car parts where a current certificate of medical eligibility has been obtained.
- In May 2021, a modification took effect enabling foreign resident employees under the Seasonal Labour Mobility Program (who have held a temporary work visa) to remain liable to a final concessional withholding tax rate of 15%. This modification was made due to COVID-19 restrictions on international travel.

The Commissioner published seven additional issues to the list of when the Commissioner's remedial power was considered but not exercised in 2020–21.

More information about the Commissioner's remedial power and when it has, and has not, been used is available on our website at ato.gov.au/CRP.

Workforce management

The ATO's workforce is highly engaged and capable, leveraging its strength to deliver essential tax and superannuation administration related outcomes, for government and the community, while continuing to support the delivery of economic stimulus measures in response to COVID-19.

Our staff have continued to adapt and respond to the challenges of the pandemic which has caused significant ongoing disruption to the way we work. A wide array of technology, policy, health and other supporting solutions initially deployed in 2019–20 have been extended, refined and embedded in 2020–21 to enable ATO staff to continue serving the community, even when not working from an ATO office.

This year we embedded new ways of working in more business-as-usual circumstances, building on the lessons learned earlier in the pandemic. For example, we piloted hybrid working arrangements in locations not subject to lockdown to assess the opportunity they provide to enhance our business-as-usual operations. As part of this, we focused on building resilience, supporting mental health and enhancing the capability of our managers to work in a hybrid environment.

The ATO's workforce capability requirements are diverse and varied, with roles that span entry-level administration and client service, through to professional specialist roles. This year, we invested in assessing and developing capability, designing and implementing initiatives to support key professional streams – both internally and across the APS – particularly in the human resource management, data and digital professions.

Our capability framework is integrated across the people system and is reflected in our recruitment and talent management strategies, supported by a robust performance and recognition framework. We also continued to enhance the learning solutions we offer, supporting a variety of ways to learn in a hybrid working environment with improved access to anywhere, anytime learning.

In April 2021, the Commissioner of Taxation was appointed as Registrar of a range of Australian Securities and Investments Commission (ASIC) registry functions, in addition to his existing Australian Business Register responsibilities. To support the Registrar's appointment and registry functions, we worked to integrate approximately 220 ASIC staff into the ATO's workforce. Our key priority was to ensure ASIC and ATO staff were well-supported through the transition.

Our employee value proposition continues to position us to offer meaningful and rewarding work, competitive conditions, and a diverse and inclusive culture that appeals to people who will contribute and help us to achieve our objectives into the future.

Statistics on our employees

Along with our legislative obligations, we need to understand the size and constitution of our workforce – including working patterns, employment types, diversity, skill sets, work distribution, accommodation requirements and employee retention rates. The following workforce statistics include staff working for the ATO, the TPB and the ACNC, unless noted otherwise.

Our workforce

Table 4.4 is our 2020–21 staffing profile, showing the number of employees by substantive classification level, employment type and working pattern at 30 June 2021. Table 4.5 shows the same information for the previous year.

TABLE 4.4 Employees, by level and employment type, at 30 June 2021

Level	Ongoing			Non-ongoing			Casual	Total
	Full time	Part time	Total ongoing	Full time	Part time	Total non-ongoing	Total casual	
SES 3	2	0	2	0	0	0	0	2
SES 2	25	1	26	0	0	0	0	26
SES 1	173	7	180	0	0	0	0	180
EL 2	1,541	107	1,648	33	10	43	0	1,691
EL 1	3,410	376	3,786	59	5	64	0	3,850
APS 6	3,592	476	4,068	89	11	100	2	4,170
APS 5	1,642	233	1,875	75	10	85	2	1,962
APS 4	2,767	376	3,143	130	5	135	16	3,294
APS 3	2,304	444	2,748	178	262	440	160	3,348
APS 2	467	95	562	29	10	39	1,862	2,463
APS 1	15	9	24	4	2	6	265	295
TOTAL	15,938	2,124	18,062	597	315	912	2,307	21,281

TABLE 4.5 Employees, by level and employment type, at 30 June 2020

Level	Ongoing			Non-ongoing			Casual	Total
	Full time	Part time	Total ongoing	Full time	Part time	Total non-ongoing	Total casual	
SES 3	2	0	2	0	0	0	0	2
SES 2	25	1	26	0	1	1	0	27
SES 1	184	10	194	0	0	0	0	194
EL 2	1,302	101	1,403	24	5	29	0	1,432
EL 1	2,994	343	3,337	29	5	34	0	3,371
APS 6	3,621	469	4,090	49	7	56	1	4,147
APS 5	1,605	232	1,837	25	0	25	0	1,862
APS 4	2,667	355	3,022	60	7	67	8	3,097
APS 3	2,378	493	2,871	60	7	67	52	2,990
APS 2	427	88	515	32	0	32	3,236	3,783
APS 1	13	6	19	2	0	2	254	275
Cadet	4	0	4	0	0	0	0	4
TOTAL	15,222	2,098	17,320	281	32	313	3,551	21,184

Ongoing employees

Table 4.6 displays our ongoing workforce by substantive classification level, gender and working pattern at 30 June 2021. Table 4.7 shows the same information for the previous year.

TABLE 4.6 Ongoing employees, by level and gender, at 30 June 2021^(a)

Level	Male			Female			Indeterminate		Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Total indeterminate	
SES 3	0	0	0	2	0	2	0	0	2
SES 2	16	0	16	9	1	10	0	0	26
SES 1	94	0	94	78	7	85	1	1	180
EL 2	847	10	857	694	97	791	0	0	1,648
EL 1	1,765	47	1,812	1,645	329	1,974	0	0	3,786
APS 6	1,760	55	1,815	1,829	421	2,250	3	3	4,068
APS 5	765	21	786	877	212	1,089	0	0	1,875
APS 4	1,231	47	1,278	1,533	329	1,862	3	3	3,143
APS 3	973	72	1,045	1,329	372	1,701	2	2	2,748
APS 2	141	7	148	326	88	414	0	0	562
APS 1	10	4	14	5	5	10	0	0	24
TOTAL	7,602	263	7,865	8,327	1,861	10,188	9	9	18,062

Note

(a) There were no part-time ongoing employees who identified as indeterminate gender as at 30 June 2021.

TABLE 4.7 Ongoing employees, by level and gender, at 30 June 2020^(a)

Level	Male			Female			Indeterminate		Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Total indeterminate	
SES 3	0	0	0	2	0	2	0	0	2
SES 2	16	0	16	9	1	10	0	0	26
SES 1	102	0	102	82	10	92	0	0	194
EL 2	734	11	745	568	90	658	0	0	1,403
EL 1	1,570	41	1,611	1,424	302	1,726	0	0	3,337
APS 6	1,777	48	1,825	1,844	421	2,265	0	0	4,090
APS 5	746	18	764	859	214	1,073	0	0	1,837
APS 4	1,196	55	1,251	1,469	300	1,769	2	2	3,022
APS 3	983	74	1,057	1,393	419	1,812	2	2	2,871
APS 2	152	13	165	275	75	350	0	0	515
APS 1	9	4	13	4	2	6	0	0	19
Cadet	2	0	2	2	0	2	0	0	4
TOTAL	7,287	264	7,551	7,931	1,834	9,765	4	4	17,320

Note

(a) There were no part-time ongoing employees who identified as indeterminate gender as at 30 June 2020.

Non-ongoing employees

Non-going employees are engaged for a specified term or for the duration of a specified task in accordance with the *Public Service Act 1999*, whereas casual employees are engaged to perform duties that are irregular or intermittent.

Table 4.8 shows our non-ongoing workforce by substantive level, gender and working pattern at 30 June 2021. Table 4.9 shows the same information for the previous year.

TABLE 4.8 Non-ongoing employees, by level and gender, at 30 June 2021^(a)

Level	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	21	3	24	12	7	19	0	0	0	43
EL 1	32	1	33	27	4	31	0	0	0	64
APS 6	47	2	49	42	9	51	0	0	0	100
APS 5	28	2	30	47	8	55	0	0	0	85
APS 4	52	2	54	78	3	81	0	0	0	135
APS 3	80	101	181	97	160	257	1	1	2	440
APS 2	11	2	13	18	8	26	0	0	0	39
APS 1	0	0	0	4	2	6	0	0	0	6
TOTAL	271	113	384	325	201	526	1	1	2	912

Note

(a) Excludes casual employees, contractors and others paid through a third party.

TABLE 4.9 Non-ongoing employees, by level and gender, at 30 June 2020^{(a)(b)}

Level	Male			Female			Indeterminate			Total
	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Total indeterminate		
SES 2	0	1	1	0	0	0	0	0	1	
SES 1	0	0	0	0	0	0	0	0	0	
EL 2	16	1	17	8	4	12	0	0	29	
EL 1	17	1	18	12	4	16	0	0	34	
APS 6	17	2	19	31	5	36	1	1	56	
APS 5	5	0	5	20	0	20	0	0	25	
APS 4	21	4	25	39	3	42	0	0	67	
APS 3	23	0	23	37	7	44	0	0	67	
APS 2	20	0	20	12	0	12	0	0	32	
APS 1	2	0	2	0	0	0	0	0	2	
TOTAL	121	9	130	159	23	182	1	1	313	

Notes

(a) Excludes casual employees, contractors and others paid through a third party.

(b) There were no part-time non-ongoing employees who identified as indeterminate gender as at 30 June 2020.

Diversity

The ATO recognises that a diverse and inclusive workforce improves the experience of staff and enhances our interactions with clients. Workforce diversity and inclusion builds organisational capability by promoting equity and bringing diversity of approach to the way we work, leading to greater creativity, improved productivity and better outcomes. We aim to improve the client experience by designing and delivering client services that address the diverse community we serve; enabling us to make a real difference to the lives of Australians by contributing to their economic and social wellbeing.

Our new *2024 Diversity and inclusion strategy* represents our ongoing commitment to uplifting diversity and inclusion in the ATO. It outlines what we will do to create a more diverse and inclusive workplace and why it is important, not just for the organisation, but for the Australian community we serve.

Our new strategy builds on our significant success to date, with the ATO recognised as a Gold Employer at the 2021 Australian LGBTQ Inclusion Awards. The ATO also became the first Australian Government employer to qualify for Platinum recognition.

In 2020–21, we also:

- released the ATO's *2024 Multicultural access and equity action plan*
- increased Aboriginal and Torres Strait Islander representation to approximately 2.9%
- sustained female representation at the senior leadership level at approximately 50%.

For more details about our diversity plans, see ato.gov.au/diversity.

Table 4.10 shows the proportion of our employees in diversity groups. Table 4.11 shows the numbers of Aboriginal and Torres Strait Islander employees by employment type.

TABLE 4.10 Ongoing employees belonging to diversity groups, at 30 June^{(a)(b)}

Group	2020 %	2021 %	Change from 2020
Aboriginal and Torres Strait Islander people	2.3	2.9	0.6
With disability	3.0	4.2	1.1
Culturally and linguistically diverse	21.1	22.3	1.2
Lesbian, gay, bisexual, trans/transgender and intersex (LGBTI+)	n/a	2.0 ^(c)	–
Mature age	36.6	36.3	–0.3

Notes

(a) We provide staff with the opportunity to self-identify as Aboriginal and Torres Strait Islander people, having a disability, or being culturally and linguistically diverse.

(b) Information on gender equality (the sixth diversity group) is provided in tables 4.6–4.9.

(c) A new diversity indicator was introduced in 2021–22.

TABLE 4.11 Indigenous employees, by employment type, at 30 June

Type	At 30 June 2020			At 30 June 2021		
	Indigenous employees	Total employees	Indigenous employees %	Indigenous employees	Total employees	Indigenous employees %
Ongoing	405	17,320	2.3	532	18,062	2.9
Non-ongoing	0	313	0.0	2	912	0.2
Casual	7	3,551	0.2	6	2,307	0.3
TOTAL	412	21,184	1.9	540	21,281	2.5

Job families

We use job families to categorise roles. While some roles lend themselves to particular work areas, others are found across the ATO.

TABLE 4.12 Employees, by job family, at 30 June^(a)

Job family	2020 %	2021 %
Accounting / Finance	1.2	1.3
Administration	4.0	3.7
Analytics / Intelligence	5.9	6.8
Communication / Marketing	1.6	1.7
Engagement, assurance and compliance	25.7	27.6
Entry level programs	2.1	3.0
Governance and performance	4.7	5.7
Human resources management	2.9	2.9
Information and organisation professionals	1.7	1.7
Information technology	7.4	8.2
Law	7.4	7.8
Other agencies	0.8	1.2
Project management	2.7	2.9
Senior executive	1.2	1.2
Service delivery	30.9	24.2
TOTAL	100	100

Note

(a) Includes ongoing, non-ongoing and casual employees; excludes external contractors.

TABLE 4.13 Employees, by business area, at 30 June 2021^(a)

Business area	Number of employees
ATO Corporate	523
ATO Executive	16
ATO Finance	594
ATO People ^(b)	1,396
Australian Charities and Not-for-profits Commission	117
Commonwealth Business Registry Services (CBRS) ^(c)	514
Client Account Services	3,892
Client Engagement Group Services	518
Debt and Lodgment	1,645
Enterprise Strategy and Design	186
Enterprise Solutions and Technology	2,034
Individuals and Intermediaries	909
Integrated Compliance	975
Law Design and Policy Strategy and Support	50
Policy, Analysis and Legislation	151
Private Wealth	1,593
Public Groups and International	1,603
Review and Dispute Resolution	803
Service Delivery Strategy and Support	1,101
Small Business	427
Smarter Data	621
Superannuation and Employee Obligations	1,246
Tax Counsel Network	218
Tax Practitioners Board	149
TOTAL	21,281

Notes

(a) Includes ongoing, non-ongoing and casual employees; excludes external contractors.

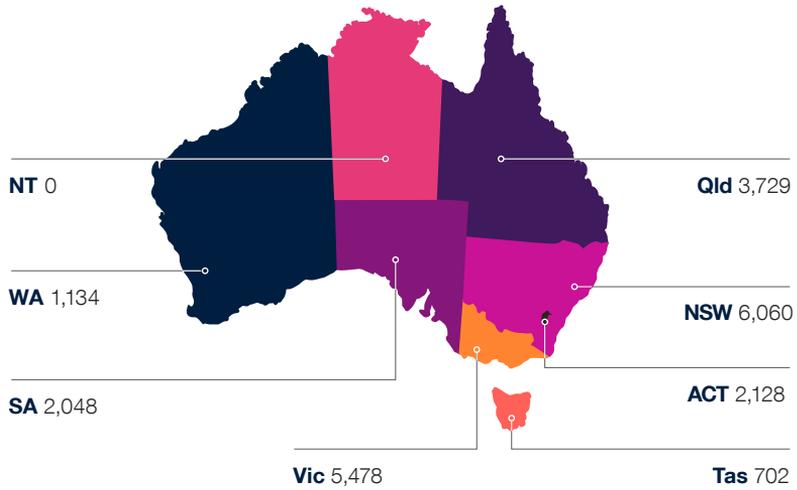
(b) Includes entry level program participants and corporate secondments.

(c) CBRS is now referred to as the Australian Business Registry Services (ABRS) and includes ASIC staff who transitioned to the ATO on 15 April 2021.

Locations

The ATO is located in 24 buildings across Australia and collocated with Services Australia in 10 staffed shopfront sites and 11 self-service shopfronts. The ATO property portfolio is managed in accordance with the *Commonwealth property management framework*.

FIGURE 4.3 Our workforce by location, at 30 June 2021



Note

Does not include overseas staff.

Table 4.14 shows our workforce by location and employment type, at 30 June 2021, compared to the previous year. Some regions are made up of multiple locations – and in the following tables:

- Brisbane includes Brisbane central business district (CBD), Chermside and Upper Mount Gravatt
- Melbourne includes Melbourne CBD, Dandenong, Box Hill, Moonee Ponds and Traralgon
- Sydney includes Sydney CBD, Penrith and Parramatta.

TABLE 4.14 Total employees, by location and employment type, at 30 June^(a)

State / Territory	Region	At 30 June 2020				At 30 June 2021			
		Ongoing	Non-ongoing	Casual	Total	Ongoing	Non-ongoing	Casual	Total
NSW	Albury	590	5	409	1,004	577	39	355	971
	Gosford	352	18	50	420	348	15	37	400
	Newcastle	480	4	1	485	509	15	1	525
	Sydney	3,039	60	592	3,691	3,093	193	346	3,632
	Wollongong	294	5	263	562	306	13	213	532
	Total	4,755	92	1,315	6,162	4,833	275	952	6,060
Qld	Brisbane	2,859	54	523	3,436	3,075	156	196	3,427
	Townsville	270	1	9	280	289	5	8	302
	Total	3,129	55	532	3,716	3,364	161	204	3,729
SA	Adelaide	1,569	28	405	2,002	1,664	80	304	2,048
Tas	Burnie	60	0	30	90	62	5	15	82
	Hobart	484	0	188	672	477	21	122	620
	Total	544	0	218	762	539	26	137	702
Vic	Geelong	100	0	0	100	91	3	0	94
	Melbourne	4,328	88	807	5,223	4,402	206	565	5,173
	Traralgon	0	0	0	0	180	31	0	211
Total	4,428	88	807	5,323	4,673	240	565	5,478	
WA	Perth	888	26	239	1,153	920	76	138	1,134
ACT	Canberra	2,005	24	35	2,064	2,067	54	7	2,128
Overseas	Various	2	0	0	2	2	0	0	2
TOTAL	All locations	17,320	313	3,551	21,184	18,062	912	2,307	21,281

Note

(a) There were no employees in the Northern Territory as at 30 June 2021.

Ongoing employees

Table 4.15 shows our ongoing workforce by location, gender and working pattern, at 30 June 2021. Table 4.16 shows the same information for the previous year.

TABLE 4.15 Ongoing employees, by location and gender, at 30 June 2021^{(a)(b)}

State / Territory	Region	Male			Female			Indeterminate		Total
		Full time	Part time	Total male	Full time	Part time	Total female	Full time	Total indeterminate	
NSW	Albury	174	8	182	332	63	395	0	0	577
	Gosford	141	2	143	165	40	205	0	0	348
	Newcastle	175	9	184	275	50	325	0	0	509
	Sydney	1,196	35	1,231	1,532	329	1,861	1	1	3,093
	Wollongong	133	3	136	136	34	170	0	0	306
	Total		1,819	57	1,876	2,440	516	2,956	1	1
Qld	Brisbane	1,357	47	1,404	1,419	248	1,667	4	4	3,075
	Townsville	76	3	79	170	40	210	0	0	289
	Total	1,433	50	1,483	1,589	288	1,877	4	4	3,364
SA	Adelaide	731	32	763	718	182	900	1	1	1,664
Tas	Burnie	14	2	16	33	13	46	0	0	62
	Hobart	160	10	170	217	90	307	0	0	477
	Total	174	12	186	250	103	353	0	0	539
Vic	Geelong	34	0	34	48	9	57	0	0	91
	Melbourne	2,039	65	2,104	1,867	430	2,297	1	1	4,402
	Traralgon	47	3	50	83	46	129	1	1	180
	Total	2,120	68	2,188	1,998	485	2,483	2	2	4,673
WA	Perth	408	13	421	406	93	499	0	0	920
ACT	Canberra	915	31	946	926	194	1,120	1	1	2,067
Overseas	Various	2	0	2	0	0	0	0	0	2
TOTAL	All locations	7,602	263	7,865	8,327	1,861	10,188	9	9	18,062

Notes

(a) There were no part-time ongoing employees who identified as indeterminate gender as at 30 June 2021.

(b) There were no ongoing employees in the Northern Territory as at 30 June 2021.

TABLE 4.16 Ongoing employees, by location and gender, at 30 June 2020^{(a)(b)}

State / Territory	Region	Male			Female			Indeterminate		Total
		Full time	Part time	Total male	Full time	Part time	Total female	Full time	Total indeterminate	
NSW	Albury	171	12	183	339	68	407	0	0	590
	Gosford	149	2	151	163	38	201	0	0	352
	Newcastle	172	6	178	241	61	302	0	0	480
	Sydney	1,166	35	1,201	1,505	332	1,837	1	1	3,039
	Wollongong	126	3	129	137	28	165	0	0	294
	Total		1,784	58	1,842	2,385	527	2,912	1	1
Qld	Brisbane	1,254	43	1,297	1,318	243	1,561	1	1	2,859
	Townsville	75	2	77	154	39	193	0	0	270
	Total	1,329	45	1,374	1,472	282	1,754	1	1	3,129
SA	Adelaide	688	31	719	676	173	849	1	1	1,569
Tas	Burnie	12	2	14	35	11	46	0	0	60
	Hobart	163	14	177	224	83	307	0	0	484
	Total	175	16	191	259	94	353	0	0	544
Vic	Geelong	38	1	39	48	13	61	0	0	100
	Melbourne	1,987	74	2,061	1,810	456	2,266	1	1	4,328
	Total	2,025	75	2,100	1,858	469	2,327	1	1	4,428
WA	Perth	401	12	413	385	90	475	0	0	888
ACT	Canberra	883	27	910	896	199	1,095	0	0	2,005
Overseas	Various	2	0	2	0	0	0	0	0	2
TOTAL	All locations	7,287	264	7,551	7,931	1,834	9,765	4	4	17,320

Notes

(a) There were no part-time ongoing employees who identified as indeterminate gender as at 30 June 2020.

(b) There were no ongoing employees in the Northern Territory as at 30 June 2020.

Non-ongoing employees

Table 4.17 shows our non-ongoing employees by location and gender, at 30 June 2021, further broken down by working pattern. Table 4.18 shows the same information for the previous year.

Non-ongoing employees are engaged for a specified term or task. In some circumstances their engagement can be extended up to three years. The term 'non-ongoing' does not include casual (irregular/intermittent) employees, contractors or others paid through a third party.

TABLE 4.17 Non-ongoing employees, by location and gender, at 30 June 2021^{(a)(b)}

State / Territory	Region	Male			Female			Indeterminate			Total
		Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	
NSW	Albury	4	13	17	4	18	22	0	0	0	39
	Gosford	2	0	2	10	3	13	0	0	0	15
	Newcastle	1	0	1	13	1	14	0	0	0	15
	Sydney	45	35	80	62	51	113	0	0	0	193
	Wollongong	8	0	8	5	0	5	0	0	0	13
	Total		60	48	108	94	73	167	0	0	0
Qld	Brisbane	46	28	74	49	33	82	0	0	0	156
	Townsville	1	1	2	3	0	3	0	0	0	5
	Total	47	29	76	52	33	85	0	0	0	161
SA	Adelaide	21	12	33	21	26	47	0	0	0	80
Tas	Burnie	3	0	3	2	0	2	0	0	0	5
	Hobart	1	5	6	1	14	15	0	0	0	21
	Total	4	5	9	3	14	17	0	0	0	26
Vic	Geelong	2	0	2	1	0	1	0	0	0	3
	Melbourne	96	1	97	97	11	108	1	0	1	206
	Traralgon	7	2	9	12	10	22	0	0	0	31
	Total	105	3	108	110	21	131	1	0	1	240
WA	Perth	21	11	32	16	27	43	0	1	1	76
ACT	Canberra	13	5	18	29	7	36	0	0	0	54
TOTAL		271	113	384	325	201	526	1	1	2	912

Notes

(a) Excludes casual employees, contractors and others paid through a third party.

(b) There were no non-ongoing employees in the Northern Territory as at 30 June 2021.

TABLE 4.18 Non-ongoing employees, by location and gender, at 30 June 2020^{(a)(b)(c)}

State / Territory	Region	Male			Female			Indeterminate		Total
		Full time	Part time	Total male	Full time	Part time	Total female	Full time	Total indeterminate	
NSW	Albury	2	0	2	2	1	3	0	0	5
	Gosford	5	0	5	11	2	13	0	0	18
	Newcastle	1	1	2	2	0	2	0	0	4
	Sydney	19	1	20	37	3	40	0	0	0
	Wollongong	1	1	2	3	0	3	0	0	5
	Total		28	3	31	55	6	61	0	0
Qld	Brisbane	22	4	26	24	3	27	1	1	54
	Townsville	1	0	1	0	0	0	0	0	1
	Total	23	4	27	24	3	27	1	1	55
SA	Adelaide	6	0	6	20	2	22	0	0	28
Tas	Hobart	0	0	0	0	0	0	0	0	0
Vic	Melbourne	44	0	44	38	6	44	0	0	88
WA	Perth	13	0	13	11	2	13	0	0	26
ACT	Canberra	7	2	9	11	4	15	0	0	24
TOTAL		121	9	130	159	23	182	1	1	313

Notes

- (a) Excludes casual employees, contractors and others paid through a third party.
- (b) There were no part-time non-ongoing employees who identified as indeterminate gender as at 30 June 2020.
- (c) There were no non-ongoing employees in the Northern Territory as at 30 June 2020.

Employee retention and separation

The following tables provide information on our ongoing employee retention rates and separations.

Table 4.19 shows the numbers of ongoing employees by years of service, at 30 June 2020 and 30 June 2021.

TABLE 4.19 Years of service for ongoing employees, at 30 June

Years of service	At 30 June 2020	At 30 June 2021	Change %
0–4 years	4,024	4,543	12.9
5–9 years	3,039	2,600	-14.4
10–14 years	2,958	3,557	20.3
15–19 years	3,419	3,098	-9.4
20–24 years	1,919	2,376	23.8
25–29 years	359	330	-8.1
30–34 years	1,066	908	-14.8
35–39 years	470	567	20.6
40–44 years	58	73	25.9
45–49 years	8	10	25.0
50 years or more	0	0	-
TOTAL	17,320	18,062	4.3

Table 4.20 shows the numbers of ongoing employees that left the ATO during the year, grouped by reason for separation, for 2019–20 and 2020–21.

TABLE 4.20 Reasons for ongoing employee separations, 2019–20 and 2020–21

Employee separations	2019–20	2020–21	Change %
Resignation	332	325	-2.1
Age retirement	259	331	27.8
Redundancy	313	44	-85.9
Dismissal	26	14	-46.2
Movement to another agency	174	97	-44.3
Invalidity and death	36	27	-25.0
TOTAL	1,140	838	-26.5

Our employment arrangements

The policy outlining remuneration and conditions for Australian Public Service (APS) agencies is set by Australian Government *Public Sector Workplace Relations Policy 2020*.

More information about remuneration in the APS is available in the APSC's *Remuneration report*, available at apsc.gov.au.

Workplace agreements

The majority of our APS 1 to Executive level (EL) 2 staff are employed under the *ATO enterprise agreement 2017*, which sets out employment conditions. This agreement had a nominal expiry date of 3 August 2020.

In 2019, the ATO recommended to staff that the agreement be retained and future pay increases be provided by a determination made under subsection 24(1) of the *Public Service Act 1999*. This proposal was put to a staff poll in November 2019 where 94% of respondents were supportive. The determination commenced operation on 19 November 2019, with the final pay rise scheduled for 4 August 2022.

The determination will end at the earlier of the following:

- the day a new enterprise agreement is made in accordance with the *Fair Work Act 2009*
- the day another determination under subsection 24(1) of the *Public Service Act 1999*, which revokes the current determination, comes into effect.

Table 4.21 shows the numbers of staff covered by the enterprise agreement, and those employed under other employment arrangements.

There are 67 non-SES employees who have an Individual Flexibility Arrangement in place, which alters one or more specific aspects of the ATO Enterprise Agreement.

TABLE 4.21 Employment arrangements of substantive SES and non-SES employees, at 30 June 2021

Arrangement	SES	Non-SES	Total
ATO Enterprise Agreement 2017	0	21,073	21,073
Determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	208	0	208
TOTAL	208	21,073	21,281

Remuneration

Base rates of pay and other remuneration arrangements are set, for the majority of non-SES staff, in the ATO enterprise agreement. The agreement includes provision for individual salary advancement within set ranges subject to satisfactory performance, including some other assessment factors for EL 2 employees.

On 9 April 2020, the government announced an APS-wide deferral of non-SES pay increases by six months from the date they would have been due. As a result, pay rises for APS 1 to EL 2 employees were deferred until 4 February 2021. Additionally, there were no increases in remuneration, entitlements and allowances for SES employees from the date of the announcement through until 25 June 2021. The rates for ATO staff for 2020–21 are shown in Table 4.22.

The *APS executive remuneration management policy* sets out arrangements for the management of executive remuneration, including an approval process for remuneration proposals above a notional amount. Total remuneration for staff in the SES includes a notional component for provision of a motor vehicle and parking, and for superannuation calculated at 15.4% of 101% of base salary.

TABLE 4.22 Salary ranges (excluding non-salary benefits) by classification level, at 30 June 2021

Level	Minimum \$	Maximum \$
SES 3	295,562	339,223
SES 2	227,146	260,851
SES 1	174,563	206,359
EL 2	130,343	155,258
EL 1	108,307	118,077
APS 6 and equivalent	84,556	97,085
APS 5 and equivalent	78,314	83,022
APS 4 and equivalent	70,248	76,243
APS 3 and equivalent	63,062	68,035
APS 2 and equivalent	55,407	61,406
APS 1 and equivalent	48,997	54,113
Cadets while undertaking practical training in the workplace	48,997	54,113
Cadets while undertaking study	16,848	27,239

The Remuneration Tribunal sets the remuneration and conditions for the Commissioner. The tribunal issues the *Guide to the Principal Executive Office (PEO) structure*, which is used by the Commissioner to determine remuneration and conditions for Second Commissioners. Second Commissioners and those who have acted in a Second Commissioner role for three months or more are also eligible for performance pay under the guidelines. The remuneration of our key management personnel, including performance pay, is shown in Table 4.23.

Key management personnel

The Commissioner and other members of the ATO Executive are considered key management personnel as they have responsibility and authority for planning, directing and controlling the activities of the ATO. Details about the responsibilities of the ATO Executive are outlined in Part 1 of this report.

TABLE 4.23 Remuneration for key management personnel, 2020–21^{(a)(b)(c)(d)}

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	
Chris Jordan AO	Commissioner of Taxation	\$855,869	\$0	\$0	\$21,788	\$730	\$878,387
Janine Bristow	Chief Finance Officer	\$237,910	\$0	\$30,410	\$44,536	–\$3,482	\$309,374
Jacqui Curtis ^(e)	Chief Operating Officer	\$338,307	\$0	\$31,703	\$63,335	–\$9,423	\$423,921
Jeremy Hirschhorn	Second Commissioner	\$350,101	\$58,695	\$0	\$35,319	\$11,290	\$455,404
Ramez Katt ^(e)	Second Commissioner	\$399,400	\$61,630	\$0	\$21,788	\$11,894	\$494,712
Melinda Smith ^(e)	Chief Service Delivery Officer	\$421,456	\$0	\$0	\$21,788	\$12,526	\$455,770
Kirsten Fish ^(f)	Acting Second Commissioner	\$220,910	\$34,623	\$24,290	\$29,307	\$5,114	\$314,244
Deborah Jenkins ^(f)	Acting Second Commissioner	\$80,638	\$0	\$7,718	\$10,741	\$2,411	\$101,508

Notes

- (a) Totals may differ from the sum of the components due to rounding.
- (b) Staff are not offered long-term benefits other than long service leave. Only Second Commissioners are eligible for bonuses. Amounts disclosed as 'bonuses' are performance payments made in line with the provision set out in the relevant Remuneration Tribunal Determination.
- (c) Base salary may be higher than the maximum salary range due to the inclusion of annual leave paid and the net movement in annual leave balances in the reporting period.
- (d) Long service leave (LSL) is calculated using accounting inputs such as the 10-year Commonwealth bond rate. A decrease in this rate between reporting periods has resulted in an overall decrease in LSL values, including negative values for some key management personnel.
- (e) Figures include higher duties while acting as Commissioner during 2020–21.
- (f) Figures reflect period occupied in a key management personnel position.

Senior executives

Under the PGPA Act, we must provide summary information about the remuneration of senior executive officers who are not listed as key management personnel. For the ATO, this comprises our SES Band 1 and 2 officers, including those who may have acted through the year. The information is provided in Table 4.24.

TABLE 4.24 Remuneration for senior executives, 2020–21 ^{(a)(b)}

Total remuneration bands	No. of senior executives	Short-term benefits		Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration
		Average base salary	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average termination benefits	Average total remuneration
\$0–\$220,000	65	\$93,447	\$16,942	\$18,800	\$2,163	\$1,502	\$132,854
\$220,001–\$245,000	31	\$168,564	\$31,233	\$30,328	\$7,112	\$0	\$237,237
\$245,001–\$270,000	74	\$183,213	\$31,333	\$33,713	\$8,371	\$0	\$256,630
\$270,001–\$295,000	64	\$202,884	\$31,354	\$36,640	\$10,437	\$0	\$281,315
\$295,001–\$320,000	11	\$215,957	\$40,771	\$38,031	\$8,406	\$0	\$303,165
\$320,001–\$345,000	13	\$218,308	\$32,258	\$40,369	\$27,434	\$11,322	\$329,692
\$345,001–\$370,000	7	\$263,666	\$30,816	\$46,008	\$13,688	\$0	\$354,180
\$370,001–\$395,000	1	\$319,829	\$19,936	\$21,788	\$8,613	\$0	\$370,166
\$545,001–\$570,000	1	\$202,246	\$294,198	\$29,241	\$8,782	\$0	\$534,467

Notes

- (a) Totals may differ from the sum of the components due to rounding.
 (b) Figures reflect period occupied in an SES position for greater than 3 months.

Other highly paid staff

Other highly paid staff are those officials who are not listed as key management personnel or senior executives, and whose total remuneration in 2020–21 exceeded \$230,000.

The ATO has five staff in this category. Details are provided in Table 4.25.

TABLE 4.25 Remuneration for other highly paid staff, 2020–21 ^{(a)(b)}

Total remuneration bands	No. of other highly paid staff	Short-term benefits		Post-employment benefits	Other long-term benefits	Termination benefits	Total remuneration
		Average base salary	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average termination benefits	Average total remuneration
\$245,001– \$270,000	2	\$102,655	\$1,740	\$18,345	\$0	\$136,075	\$258,815
\$270,001– \$295,000	1	\$118,909	\$0	\$22,378	\$0	\$150,094	\$291,381
\$295,001– \$320,000	2	\$129,163	\$56,265	\$25,112	\$4,374	\$98,430	\$313,344

Notes

(a) There were no other highly paid staff in the \$230,000–\$245,000 total remuneration band.

(b) Totals may differ from the sum of the components due to rounding.

Non-salary benefits

The ATO provides its staff with a range of non-salary benefits.

SES officers are entitled to:

- cash in lieu of a motor vehicle
- parking at work or cash in lieu of parking
- airline lounge memberships if eight or more return trips are planned for the year.

Executive Level 2 employees are entitled to:

- a taxable annual allowance (\$1,740 in 2020–21) to assist with the purchase of items and services that help maintain or increase their level of professionalism, such as membership of a professional association
- airline lounge memberships if they are likely to undertake eight or more return flights in the following year.

We offer our staff non-salary benefits in some circumstances:

- Our executive officers are offered an iPad or iPhone for work use, along with other employees who frequently travel, work remotely or manage a large number of staff.
- Fees will be reimbursed for employees who must be a member of a professional body or require an annual licence or professional practising certificate in order to perform their duties.
- We provide support for approved employees to undertake eligible part-time studies, which may include time off work and/or financial assistance.
- All employees who are likely to undertake 12 or more return flights in the following year can apply for airline lounge memberships.

We also offer salary packaging to all ongoing employees, and employees with an individual agreement. We outsource salary packaging administration and novated leasing arrangements to an external company called Smartsalary. Our employees have access to salary packaging of the following items:

- cars and utility vehicles (novated lease), with fringe benefits tax (FBT) applicable
- car parking, with FBT applicable
- superannuation, self-only, exempt from FBT
- airline lounge membership, exempt from FBT
- professional association membership fees and subscriptions, exempt from FBT
- portable electronic devices, exempt from FBT.

Around 2,700 employees had salary packaging arrangements in place in 2020–21.

Work health and safety

The ATO has a number of obligations under the *Work Health and Safety Act 2011* (WHS Act) and our own enterprise agreement. We take these obligations seriously, as the health and wellbeing of our workforce is critical to supporting engagement, productivity and serving the community.

In 2020–21, the ATO was announced as a joint winner in the 2021 Comcare National Work Health and Safety Awards in the category of prevention. The ATO's winning nomination 'COVID-19 – the ATO's response to ensuring a safer workplace', reflected our leading contemporary approach in responding to safety matters.

Our vision is for a healthy and safe workforce as we adapt to a changing world. Our census results indicate the staff perception of wellbeing support is consistently higher than similar APS agencies. We have a range of initiatives to support us in achieving this outcome and to eliminate or minimise work health and safety risks. Examples include:

- a structured consultation program with our staff and their representatives about health and safety matters
- regular work health and safety inspections in all ATO sites
- a bespoke IT program on all ATO computers that enables staff to self-manage and monitor keyboard use, encouraging regular recuperative breaks and stretches/exercise
- first aid services at all sites
- annual flu vaccinations are offered to all staff
- staff can access up to two hours of paid work time to receive a COVID-19 vaccination
- employee assistance program (EAP) available to all staff and their families
- implementation of an organisation-wide Mental Health Strategy.

TABLE 4.26 Safety, Rehabilitation and Compensation Commission performance indicators, 2018–19 to 2020–21^(a)

Indicator	2018–19	2019–20	2020–21
P1.1 Incidence of injuries with five or more days lost time per 1,000 full-time equivalent employees	1.4	0.7	0.8
P1.2 Incidence of injuries with 30 or more days lost time per 1,000 full-time equivalent employees	0.8	0.4	0.4
P1.3 Incidence of injuries with 60 or more days lost time per 1,000 full-time equivalent employees	0.5	0.3	0.4
P4 Lost time injury (claims) frequency rate	0.8	0.4	0.5
C1 Average time taken (in calendar days from date of injury to lodging claim with Comcare)	50	41	56
R1 Percentage of claims with incapacity for 10 or more days and a return to work plan (%)	52	45	67
R2 Quality of return to work (% achieving return to work on case closure)	44	60	50

Note

(a) Figures for previous years in this table may vary from those reported in past annual reports as Comcare may continue to accept claims for past years.

TABLE 4.27 Notifiable incidents, 2018–19 to 2020–21

Incident	2018–19	2019–20	2020–21
Dangerous occurrence	0	5	1
Serious personal injury	0	0	2
Death	0	0	0
TOTAL	0	5	3

Details of work health and safety investigations

The WHS Act requires that we provide information about any investigations conducted during the year that relate to us, including details of all notices given to us during the year under Part 10 of the Act.

During 2020–21:

- Comcare was satisfied with ATO action on notifiable incidents, therefore no incidents required investigation
- we received no notices under Part 10 of the Act – enforcement measures.

Carer recognition

The ATO is not responsible for the development, implementation, provision or evaluation of care supports and, therefore, section 8(3) of the *Carer Recognition Act 2010* does not apply.

We do however support carers in the workplace through our employment policies, including flexible hours, access to carers leave, and our network of Carers, Helpers and Interested others in the ATO (CHIATO). Flexible working arrangements in the ATO have continued to increase significantly over the past 12 months. The types of flexible working arrangements available to ATO staff to support carers include:

- part-time work agreements
- breastfeeding/lactation breaks
- non-standard working hours
- work from home / remote work arrangements
- job share arrangements
- individual flexibility arrangements
- purchased leave schemes
- career break or sabbatical schemes
- flex leave.

These elements support us in fulfilling our responsibilities to our stakeholders – ministers, parliament and the community – whether they come from legislation or community expectations.

Financial performance

The ATO is responsible for the management of substantial Commonwealth funds and must demonstrate effective and efficient management of resources in accordance with the Australian Government’s policies and the requirements of other agencies, such as the Australian National Audit Office (ANAO).

For our financial statements (as required by subsection 43(4) of the PGPA Act), see Part 5.

For details on how we have performed against our financial performance measures in our corporate plan, see strategic objective F1 Financial in the annual performance statement on page 33.

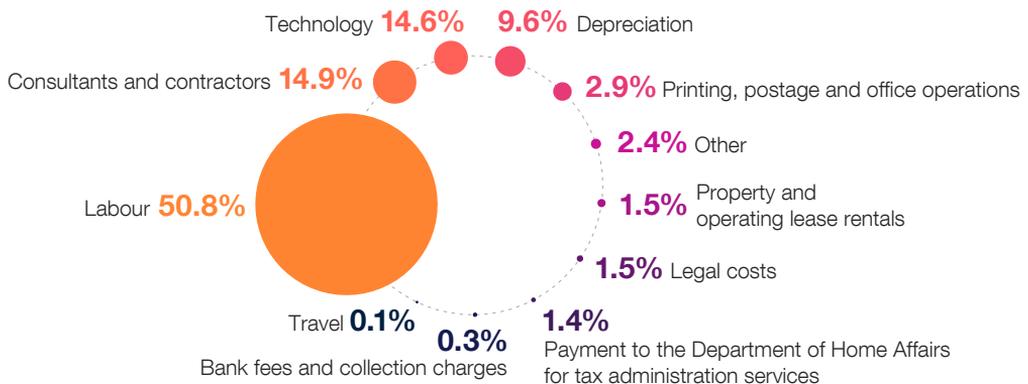
Operating expense budget

The ATO actively manages its budget through governance and assurance processes, including oversight by senior management committees. These committees provide an integrated approach to effective resource management and prioritisation of significant investment decisions.

The ATO’s operating expense budget for 2020–21 (excluding depreciation) was \$3.9 billion.

The ATO’s 2020–21 financial result was an operating surplus of \$49 million or 1.2% under budget. This result includes lease principal repayments under Australian Accounting Standards Board 16 leasing standards and excludes non-cash financial accounting adjustments, such as write-off expenses, depreciation, amortisation, finance lease and revaluation adjustments made for our financial statements.

FIGURE 4.4 Operating expenditure, 2020–21



Capital budget

The ATO's approach to capital management includes a capital management plan that contains information about our proposed capital expenditure from all funding sources.

The ATO commenced 2020–21 with a capital budget of \$156.3 million, which comprised:

- departmental capital budget of \$133.7 million
- equity funding of \$22.6 million.

During the year, the capital budget increased by \$113.6 million as a result of both government and ATO decisions.

The ATO's 2020–21 capital expenditure was \$140.3 million. The ATO is seeking approval to carry forward 2020–21 capital underspends to support government priorities and legislative projects in future years.

TABLE 4.28 Capital expenditure, 2018–19 to 2020–21^(a)

Capital item	2018–19 \$m	2019–20 \$m	2020–21 \$m
Building improvements	0.7	10.7	17.9
Internally developed software	134.1	123.1	102.1
IT infrastructure and hardware	7.4	9.0	15.0
Purchased software	0.6	7.3	5.3
TOTAL	142.7	150.2	140.3

Note

(a) Totals may differ from the sum of components due to rounding.

Administering GST

The ATO administers the goods and services tax (GST) on behalf of the Australian states and territories. The states and territories reimburse the Commonwealth for the ATO's cost of administering GST. Our obligations to the states and territories are set out in the GST Administration Performance Agreement between the ATO and the Council on Federal Financial Relations (as per the *Intergovernmental Agreement on Federal Financial Relations*).

The agreed estimate for administering GST in 2020–21 was \$621.5 million. The final cost of GST administration is subject to a special purpose audit by the ANAO. The final audited cost is reported against the agreed estimate and presented to the states and territories at the conclusion of the audit.

GST administration outcomes and performance are published annually in the GST administration annual performance report, which is available at ato.gov.au/GSTadministration.

Agency resource statement

TABLE 4.29 Agency resource statement, 2020–21

Agency resources	Actual available appropriations for 2020–21 \$'000	Payments made 2020–21 \$'000	Balance remaining \$'000
Ordinary annual services^(a)			
Departmental appropriation			
Prior-year departmental appropriation	403,081	403,081	–
Departmental appropriation ^(b)	4,003,821	3,457,454	546,367
Appropriation reductions	–58,467	–	–58,467
Section 74 receipts	132,809	132,809	–
Section 75 transfer	9,192	–	9,192
Total	4,490,436	3,993,344	497,092
Administered expenses			
Current-year's appropriation used for current-year's payments	7,915	41	7,874
Total	7,915	41	7,874
TOTAL ORDINARY ANNUAL SERVICES	4,498,351	3,993,385	504,966
Other services^(c)			
Departmental non-operating			
Prior-year departmental appropriation	41,456	13,320	28,136
Equity injections	126,249	42,084	84,165
Appropriation reductions	–31,358	–	–31,358
Total	136,347	55,404	80,943
TOTAL OTHER SERVICES	136,347	55,404	80,943
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>Product Grants and Benefits Administration Act 2000</i> – product stewardship for oil program		94,923	
<i>Public Governance, Performance and Accountability Act 2013</i> – section 77 (Repayments by the Commonwealth)		93,965	
<i>Small Superannuation Accounts Act 1995</i> – section 76(9)		268	
<i>Superannuation Guarantee (Administration) Act 1992</i>		942,396	
<i>Taxation Administration Act 1953</i> – section 16 (Cash Flow Boost for employers)		20,901,500	
<i>Taxation Administration Act 1953</i> – section 16 (JobKeeper payment)		68,217,051	
<i>Taxation Administration Act 1953</i> – section 16 (JobMaker hiring credit)		6,613	
<i>Taxation Administration Act 1953</i> – section 16 (non-refund items)		11,861,269	
<i>Taxation Administration Act 1953</i> – section 16 (tax refunds)		102,545,427	
TOTAL SPECIAL APPROPRIATIONS		204,663,412	

TABLE 4.29 Agency resource statement, 2020–21 continued

Agency resources	Actual available appropriations for 2020–21 \$'000	Payments made 2020–21 \$'000	Balance remaining \$'000
Special accounts			
Opening balance	298,115		
Receipts to special accounts	4,655,331		
Payments made		4,659,257	
Closing balance			294,190
TOTAL RESOURCING AND PAYMENTS	9,588,144	213,371,458	

Notes

- (a) *Supply Act (No.1) 2020–21* and *Appropriation Act (No.1) 2020–21*. This includes prior-year departmental appropriations, PGPA Act section 74 agency receipts and PGPA Act section 75 transfer.
- (b) Includes \$118.6 million in 2020–21 for the Departmental Capital Budget. For accounting purposes, this amount has been designated as 'contributions by owners'.
- (c) *Supply Act (No.2) 2020–21* and *Appropriation Act (No.2) 2020–21*.

TABLE 4.30 Budgeted expenses and resources for Outcome 1, 2020–21^(a)

Budgeted expenses and resources	Budget ^(b) 2020–21 \$'000	Actual expenses 2020–21 \$'000	Variation 2020–21 \$'000
Program 1.1: Australian Taxation Office			
Administered expenses			
Ordinary Annual Services (Appropriation Bills No. 1)	7,915	22	7,893
Departmental expenses			
Departmental items	3,939,078	3,907,832	31,246
Total for Program 1.1	3,946,993	3,907,854	39,139
Program 1.2: Tax Practitioners Board			
Departmental expenses			
Departmental items	22,954	21,398	1,556
Total for Program 1.2	22,954	21,398	1,556
Program 1.3: Australian Business Registry Services			
Departmental expenses			
Departmental items	122,852	77,226	45,626
Total for Program 1.3	122,852	77,226	45,626
Program 1.4: Australian Charities and Not-for-profits Commission			
Departmental expenses			
Special account	19,766	14,543	5,223
Total for Program 1.4	19,766	14,543	5,223
Program 1.5: Australian Screen and Digital Game Production Incentive			
Administered expenses			
Special appropriations	397,000	336,590	60,410
Total for Program 1.5	397,000	336,590	60,410

TABLE 4.30 Budgeted expenses and resources for Outcome 1, 2020–21^(a) *continued*

Budgeted expenses and resources	Budget ^(b) 2020–21 \$'000	Actual expenses 2020–21 \$'000	Variation 2020–21 \$'000
Program 1.6: Junior Minerals Exploration Incentive			
Administered expenses			
Special appropriations	27,200	14,852	12,348
Total for Program 1.6	27,200	14,852	12,348
Program 1.7: Fuel Tax Credits Scheme			
Administered expenses			
Special appropriations	7,623,130	7,520,460	102,670
Total for Program 1.7	7,623,130	7,520,460	102,670
Program 1.8: National Rental Affordability Scheme			
Administered expenses			
Special appropriations	199,897	185,815	14,082
Total for Program 1.8	199,897	185,815	14,082
Program 1.9: Product Stewardship for Oil			
Administered expenses			
Special appropriations	84,800	86,696	–1,896
Total for Program 1.9	84,800	86,696	–1,896
Program 1.10: Research and Development Tax Incentive			
Administered expenses			
Special appropriations	3,084,572	3,231,865	–147,293
Total for Program 1.10	3,084,572	3,231,865	–147,293
Program 1.11: Low Income Superannuation Tax Offset			
Administered expenses			
Special appropriations	605,000	607,637	–2,637
Total for Program 1.11	605,000	607,637	–2,637
Program 1.12: Private Health Insurance Rebate			
Administered expenses			
Special appropriations	240,000	239,188	812
Total for Program 1.12	240,000	239,188	812
Program 1.13: Superannuation Co-contribution Scheme			
Administered expenses			
Special appropriations	127,000	160,929	–33,929
Total for Program 1.13	127,000	160,929	–33,929
Program 1.14: Superannuation Guarantee Scheme			
Administered expenses			
Special appropriations	951,840	878,614	73,226
Total for Program 1.14	951,840	878,614	73,226

TABLE 4.30 Budgeted expenses and resources for Outcome 1, 2020–21^(a) *continued*

Budgeted expenses and resources	Budget ^(b) 2020–21 \$'000	Actual expenses 2020–21 \$'000	Variation 2020–21 \$'000
Program 1.15: Targeted Assistance Through the Taxation System			
Administered expenses			
Special appropriations	22,000	26,476	-4,476
Total for Program 1.15	22,000	26,476	-4,476
Program 1.16: Interest on Overpayment and Early Payments of Tax			
Administered expenses			
Special appropriations	80,000	55,261	24,739
Total for Program 1.16	80,000	55,261	24,739
Program 1.17: Bad and Doubtful Debts and Remissions			
Administered expenses			
Special appropriations	4,335,000	9,187,246	-4,852,246
Total for Program 1.17	4,335,000	9,187,246	-4,852,246
Program 1.18: Seafarer Tax Offset			
Administered expenses			
Special appropriations	9,000	9,303	-303
Total for Program 1.18	9,000	9,303	-303
Program 1.19: Economic Response to the Coronavirus			
Administered expenses			
Special appropriations			
Cash Flow Boost for employers	12,159,218	12,340,195	-180,977
JobMaker hiring credit	34,000	16,933	17,067
JobKeeper payment	57,241,113	57,042,415	198,698
Total for Program 1.19	69,434,331	69,399,543	34,788
Outcome 1 Totals by appropriation type			
Administered expenses			
Ordinary Annual Services (Appropriation Bill No. 1)	7,915	22	7,893
Special appropriations	82,885,770	82,753,229	132,541
Expenses not requiring appropriation in budget year	4,335,000	9,187,246	-4,852,246
Departmental expenses			
Departmental appropriation	3,866,687	3,827,612	39,075
Special accounts	19,766	14,543	5,223
Expenses not requiring appropriation in budget year ^(c)	218,197	178,844	39,353
TOTAL EXPENSES FOR OUTCOME 1	91,333,335	95,961,496	-4,628,161

Notes

- (a) This table is prepared on the basis of accrued expense amounts, while the administered payments table on page 52 is prepared on a cash basis.
- (b) Budget 2020–21 relates to Revised estimated expenses published in the 2021–22 Portfolio Budget Statements, and includes any subsequent adjustments made to the original 2020–21 Budget.
- (c) Expenses not requiring appropriation in the Budget year includes depreciation, resources received free of charge and write-down and impairment of assets.

Efficient administrative practices

Along with agency budgets that provide funding to deliver specific programs, government expenditure is guided by legislation that provides direction and sets minimum requirements, including reporting obligations. The ATO complies with the PGPA Act, PGPA Rule, ANAO requirements, and the *Environment Protection and Biodiversity Conservation Act 1999*.

Asset management

The ATO has an asset management framework in place which outlines how we plan and maintain the optimal asset mix for effective delivery of our programs.

The ATO's approach to asset management includes:

- detailed procedures and guidance on asset management
- an asset register, which is subject to a regular stocktake.

Procurement

Procurement refers to the whole process of acquiring goods or services – from identifying a need, through to obtaining and paying for the goods or services. If relevant, it also includes the ongoing contract management and disposal of goods.

The ATO's approach to procuring goods and services – including consultancies – is consistent with, and reflects the principles of, the *Commonwealth procurement rules* and various procurement-related legislation and government policies. To ensure this, the ATO has a range of system-based and other controls in place and conducts regular assurance processes.

Standard ATO contracts include a clause requiring suppliers to comply with all legislative and government policy obligations, including those relating to taxation and workplace health and safety. In addition, we have worked closely with our suppliers throughout the COVID-19 pandemic to ensure there are adequate COVID-19 safety measures in place for their employees and we have made working from home available to labour hire personnel wherever possible throughout the pandemic.

This section includes procurement information for the ATO, ACNC and TPB, unless noted otherwise.

Contracting

All ATO contracts of \$100,000 or more provide for the Auditor-General to have access to the contractor's premises.

The ATO had no contracts in excess of \$10,000 that were exempted by the Accountable Authority from being published on AusTender because it would disclose exempt matters under the FOI Act.

Consultancy contracts

The ATO uses consultancy services to obtain independent advice, often of a specialised nature, to assist with decision-making at the agency level.

Consultants are engaged through a procurement process, using open tender, limited tender or an established panel arrangement. All consultants who require unsupervised access to ATO premises or ATO information are required to complete mandatory training on security, as well as work, health and safety.

During 2020–21, the ATO entered into 113 new reportable consultancy contracts, involving total actual expenditure of \$8.4 million. In addition, 52 ongoing reportable consultancy contracts were active during 2020–21, involving total actual expenditure of \$4.8 million. Prior-year contracts accounted for 36% of total consultancy expenditure.

TABLE 4.31 Number of and expenditure on reportable consultancy contracts, 2018–19 to 2020–21^(a)

Reportable consultancy contracts	2018–19	2019–20	2020–21
Number of new contracts engaging consultants	164	126	113
New contracts expenditure	\$10.1m	\$5.6m	\$8.4m
Number of ongoing contracts engaging consultants	87	82	52
Ongoing contracts expenditure	\$5.8m	\$5.7m	\$4.8m

Note

(a) Amounts are GST inclusive.

TABLE 4.32 Significant reportable consultancy contracts expenditure, 2020–21^{(a)(b)(c)}

Organisation	Expenditure \$	Proportion of total expenditure %
Boston Consulting Group	3,058,000	23.1
KPMG	1,368,898	10.3
Ernst & Young	1,017,869	7.7
PricewaterhouseCoopers	822,368	6.2
PricewaterhouseCoopers Consulting (Australia)	741,077	5.6
TOTAL	7,008,212	53.0

Notes

(a) Amounts are GST inclusive.

(b) Provides information on those organisations that received the five largest shares of an entity's expenditure on such contracts, and those organisations that received 5% or more of an entity's expenditure.

(c) Totals may differ from the sum of components due to rounding.

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website at tenders.gov.au.

Non-consultancy contracts

Non-consultancy services are engaged through a procurement process, using open tender, limited tender or an established panel arrangement. Suppliers' employees and contractors who require unsupervised access to ATO premises or ATO information are required to complete mandatory training on security, as well as work, health and safety.

During 2020–21, the ATO entered into 1,485 new reportable non-consultancy contracts, involving total actual expenditure of \$304.7 million. In addition, 1,512 ongoing reportable non-consultancy contracts were active during 2020–21, involving total actual expenditure of \$1,656.0 million.

TABLE 4.33 Number of and expenditure on reportable non-consultancy contracts, 2020–21 ^{(a)(b)}

Reportable non-consultancy contracts	2020–21
Number of new non-consultancy contracts	1,485
New non-consultancy contracts expenditure	\$304.7m
Number of ongoing non-consultancy contracts	1,512
Ongoing non-consultancy contracts expenditure	\$1,656.0m

Notes

(a) Amounts are GST inclusive.

(b) This is the first year we have been required to publish data on reportable non-consultancy contracts.

TABLE 4.34 Significant reportable non-consultancy contracts expenditure, 2020–21 ^{(a)(b)}

Organisation	Expenditure \$	Proportion of total expenditure %
Accenture Australia Pty Ltd	220,905,689	11.3
DXC Enterprise Australia Pty Ltd	220,138,637	11.2
Optus Networks Pty Ltd	162,563,290	8.3
Leidos Australia Pty Ltd	116,311,058	5.9
IBM Australia Limited	79,006,252	4.0
TOTAL	798,924,925	40.7

Notes

(a) Amounts are GST inclusive.

(b) Provides information on those organisations that received the five largest shares of an entity's expenditure on such contracts, and those organisations that received 5% or more of an entity's expenditure.

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the reportable non-consultancy contracts' value is available on the AusTender website at tenders.gov.au.

Small and medium enterprises

The ATO supports small and medium business participation in the Commonwealth Government procurement market. Our support focuses on removing barriers to their participation and includes:

- streamlined tender requirements for lower value and less complex contracts
- adhering to the principles of the Commonwealth Government's Digital Sourcing Framework, which includes structuring procurements in a way that enables small and medium enterprises to compete fairly to provide components of large ICT projects
- actively seeking opportunities to engage Aboriginal and Torres Strait Islander businesses.

Small-to-medium enterprises and small enterprise participation statistics are available on the Department of Finance website at finance.gov.au/procurement. The Australian Government has set two targets for contracts awarded to businesses with less than 200 employees:

- 10% of all contracts (by value)
- at least 35% of contracts valued up to \$20 million (by value).

The ATO exceeded both targets in 2020–21.

The ATO recognises the importance of ensuring small businesses are paid on time. The ATO achieved 96% compliance in 2020–21. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website at treasury.gov.au.

Indigenous procurement policy

In 2020–21, we spent over \$22.9 million with Aboriginal and Torres Strait Islander businesses. This expenditure relates to both new contracts entered into during 2020–21 (82 with a total value of \$15.2 million) and contracts entered into during previous years.

Grants

The ATO provides a small number of discretionary grants, including funding for legal institutes, and to encourage community participation in the tax and superannuation systems through sponsorship and mentoring arrangements.

The ATO's grant activities meet the requirements and principles of grants administration contained in the *Commonwealth grants rules and guidelines 2017*, including reporting and publishing of all grants provided throughout the year.

During 2020–21, the ATO awarded 13 grants of which 10 were to support the National Tax Clinic program.

Information about the National Tax Clinic program is available on our website at ato.gov.au/nationaltaxclinic. All grants awarded are published on grants.gov.au.

Compliance with finance law

The PGFA Act requires that agencies provide a statement of significant issues reported to the minister under paragraph 19(1)(e) of the Act, which relates to non-compliance with finance law and action taken to remedy non-compliance.

The ATO reported one such issue to the responsible Minister for 2020–21 concerning the implications of the decision of the High Court in *Commissioner of Taxation v Travellex Limited* [2021] HCA 8, which was handed down on 10 March 2021.

The High Court's decision means that the ATO's historical practice of revising a taxpayer's business activity statement (BAS) to amend net amounts (including GST, wine equalisation tax and luxury car tax) and net fuel amounts without issuing an assessment had no legal effect. The decision impacts all revisions of net amounts and net fuel amounts for tax periods between 1 July 2000 and 30 June 2012 where no assessment was issued.

As a result of the High Court's decision, such refunds paid between 1 July 2000 and 29 June 2012 were paid out of the consolidated revenue fund without an appropriation made by law⁵. The underlying correctness of the amounts refunded is not in question. The issue is a technical one that, due to the ATO's BAS revision practice, such amounts were refunded without the support of an assessment.

The ATO has reviewed its BAS revision practice to ensure that taxpayers are only paid refunds following the revision of a net amount or net fuel amount where an assessment has been issued.

The ATO has reported this issue in its financial statements for the year ending 30 June 2021.

⁵ Section 15C of the *Taxation Administration Act 1953* commenced on 28 June 2012 and provides appropriation for such refunds paid on or after that date.

Ecologically sustainable development and environmental performance

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* requires all Commonwealth agencies to report on certain aspects of ecologically sustainable development and environmental performance.

Appropriations – Departmental funding for ecologically sustainable development

The ATO does not receive departmental funding for work that specifically contributes to ecologically sustainable development. However, in making decisions on expenditure, we apply the *Commonwealth procurement rules* and guidance from the Department of Finance on informed decision-making processes.

The *Commonwealth procurement rules* include the need to consider the environmental aspects of the purchase and, where the procurement is via tender, a tenderer's practices regarding environmental impacts.

In April 2021, we established the *2024 ATO environmental sustainability strategy*. The ATO's 2024 targets are to reduce:

- our greenhouse gas emissions by at least 10% from 2019–20 levels
- the amount of waste from ATO offices going to landfill by at least 5% from 2019–20 levels.

In 2020–21, the ATO minimised our environmental impact by meeting the requirements of the Energy Efficiency in Government Operations (EEGO) policy for 'Tenant light and power' and 'Central services' performance ratings.

TABLE 4.35 Energy intensity ratings and EEGO targets, 2020–21

Category (and unit of measure)	EEGO target	ATO performance
Tenant light and power (MJ per person per annum)	7,500	4,181
Central services (MJ per m2 per annum)	400	119

Additionally, 90% of the ATO's eligible tenancies that qualify for a rating have achieved or exceeded the minimum National Australian Built Environment Rating System (NABERS) rating of 4.5 stars.

Appropriations – Administered funding

In 2020–21, the ATO administered appropriations for two energy and fuel schemes that provide credits and grants to reduce the costs of some fuels, or to provide a benefit to encourage recycling of waste oils. These were:

- Program 1.7 Fuel Tax Credits Scheme (page 53)
- Program 1.9 Product Stewardship for Oil (page 53).

More information about fuel schemes is available at ato.gov.au/business/fuel-schemes.

About the financial statements

The ATO's financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The financial statements have been prepared in accordance with:

- the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*, and
- *Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements* issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The ATO's financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

These financial statements incorporate the financial transactions of the Tax Practitioners Board (TPB), the Australian Business Registry Services (ABRS), and the Australian Charities and Not-for-profits Commission (ACNC).



Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the Assistant Treasurer, Minister for Housing and Minister for Homelessness, Social and Community Housing

Opinion

In my opinion, the financial statements of the Australian Taxation Office (the Entity) for the year ended 30 June 2021:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2021 and for the year then ended:

- Statement by the Commissioner of Taxation and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter**Accuracy of taxation revenue**

Refer to Note 14 'Administered – Income'

I focused on the estimation processes adopted by the Entity for financial reporting of taxation revenue given the value of the transactions and the complexity and judgement involved in the estimation processes and calculations. The reliable estimation of taxation revenue is complex due to uncertain timing of tax return assessments, payments and forecasting of likely taxation revenue outcomes. The Entity applies significant judgement when selecting the appropriate base for revenue recognition.

The Entity uses two bases for revenue recognition – the Economic Transactions Method (ETM) and the Taxation Liability Method (TLM). Under the ETM the Entity recognises taxation revenue when it gains control over future economic benefits that arise from tax legislation. The ETM involves significant estimates based on available information. The TLM recognises revenue at the earlier of when an assessment of tax liability is or can be made or payment is received. Revenue recognised under the TLM is generally recognised at a later time than if it were measured under the ETM.

The methodologies used by the Entity to recognise taxation revenue involve data analysis and estimation processes that increase the likelihood of error. As part of the estimation process, the Entity conducts data analysis of past taxpayer behaviours and records, together with assumptions about economic factors such as future wage growth and gross domestic product.

For the year ended 30 June 2021, the Entity reported total taxation revenue of \$456,665 million.

How the audit addressed the matter

To audit the accuracy of taxation revenue, I assessed the:

- appropriateness of the base for revenue recognition with reference to the accuracy of prior year results and historical trends;
- design and operating effectiveness of the taxation estimation process controls and the associated validation procedures together with the completeness, relevance and accuracy of data used in developing taxation revenue estimates;
- reasonableness of the interpretation and analysis of data used by the Entity for material estimates and recalculated these estimates as at 30 June 2021; and
- adequacy of documentation to support the Entity's judgements made in relation to key estimates and allocations of revenue at year-end. This included an assessment of the quality assurance process over manual adjustments processed as at 30 June 2021.

Key audit matter**Valuation of taxation receivables and provision for refunds**

Refer to Note 15 'Administered – Non-Financial Assets & Note 16 'Administered – Provisions'

I focused on the calculations that support the valuation of the impairment of taxation receivables and estimates of amendments arising from disputed cases and allowances for taxation receivables and the provision for income taxation refunds. These balances reduce the total comprehensive income reported by the Entity and involve significant judgement.

In each component there are complex methodologies and assumptions underpinning the calculation and assessment of the recoverability of taxation receivables, and the calculation of the provision for refunds. Estimate methodologies are based on assumptions including taxpayer compliance and lodgement history, the existence of dispute over a receivable and the taxpayer's capacity to pay. Models use historical data to predict future taxpayer behaviour.

For the year ended 30 June 2021, the Entity reported:

- total taxation receivables of \$62,037 million;
- impairment allowance of \$26,515 million;
- allowance for credit amendments of \$5,934 million; and
- provision for refunds of \$2,102 million.

How the audit addressed the matter

To audit the valuation of taxation receivables and provision for refunds, I:

- evaluated the adequacy of the Entity's oversight processes which included the documentation and quality assurance processes to support judgements made in relation to overdue and disputed debts;
 - assessed the work undertaken by the Entity's actuary by evaluating the reasonableness of the underlying assumptions and methodology developed and adopted by the Entity;
 - assessed the completeness of the source data used in estimating the balances;
 - recalculated the impairment allowance at balance date and assessed whether it was appropriately reflected in the Entity's financial statements;
 - performed sample testing of individual taxation receivables, to assess the Entity's application of taxation law and the revenue recognition for individual taxpayers' accounts; and
 - examined the provision balance and evaluated the appropriateness of management's processes to determine whether judgements and assumptions used remain appropriate reasonable for the impairment rate applied to large disputed taxation cases where an individual assessment has not been made.
-

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Entity, the Commissioner of Taxation is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Commissioner is also responsible for such internal control as the Commissioner determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner of Taxation is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Commissioner of Taxation is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicated that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit.

I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Grant Hehir
Auditor-General
Canberra
22 September 2021

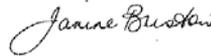
AUSTRALIAN TAXATION OFFICE**STATEMENT BY THE COMMISSIONER OF TAXATION
AND CHIEF FINANCE OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2021 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Taxation Office will be able to pay its debts as and when they fall due.



Chris Jordan
COMMISSIONER OF TAXATION
AS THE ACCOUNTABLE AUTHORITY
AUSTRALIAN TAXATION OFFICE
22 September 2021



Janine Bristow
CHIEF FINANCE OFFICER
AUSTRALIAN TAXATION OFFICE

22 September 2021

Australian Taxation Office
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000	Original budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1A	2,042,169	1,963,803	2,109,573
Suppliers	1B	1,581,329	1,424,259	1,690,090
Depreciation and amortisation	4A	384,843	394,537	415,853
Finance costs	1C	12,126	13,688	12,692
Write-down and impairment of other assets	1E	196	4,753	-
Other expenses	1F	337	613	-
Total expenses		4,021,000	3,801,653	4,228,208
Own-source revenue				
Rendering of services	2A	71,699	89,016	105,819
Rental income	2B	16,409	16,859	17,972
Other revenue and gains	2C	7,498	15,210	12,733
Impairment gain on financial instruments	1D	948	1,869	-
Total own-source revenue		96,554	122,954	136,524
Net cost of services		(3,924,446)	(3,678,699)	(4,091,684)
Revenue from the Australian Government	2D	3,831,811	3,461,261	3,885,177
Deficit on continuing operations		(92,635)	(217,438)	(206,507)
OTHER COMPREHENSIVE LOSS				
Items not subject to subsequent reclassification to net cost of services				
Revaluation of restoration obligations provision		(29)	(84)	-
Total other comprehensive loss		(29)	(84)	-
Total comprehensive loss		(92,664)	(217,522)	(206,507)

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2021

Budget variances commentary: Statement of comprehensive income

Affected line items	Explanation of major variances
Employee benefits	The lower than expected actual is primarily driven by a lower than anticipated Average Staffing Level (ASL) combined with lower than anticipated average staff cost due to higher intake of entry level employees.
Suppliers	The lower than expected actual is primarily driven by a reduction in credit card merchant fee expense resulting from increased payment deferrals and reduced debt collection activities during the COVID-19 pandemic and lower than expected expenditure in support of the Government stimulus measures.
Depreciation and amortisation	The lower than expected actual is primarily driven by lower than anticipated asset additions in relation to computer software projects and delays in major property projects due to COVID-19 restrictions.
Rendering of services	The lower than expected actual is primarily driven by reduced credit card merchant fee revenue resulting from increased payment deferrals and reduced debt collection activities during the COVID-19 pandemic.
Other revenue and gains	The lower than expected actual is primarily driven by lower revenue from court award costs as a result of reduced compliance activities and litigation in response to the 2019 bushfires and COVID-19 pandemic.
Revenue from the Australian Government	The lower than expected actual is the result of a return of funding due to lower than expected expenditure in support of the Government stimulus measures.

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
STATEMENT OF FINANCIAL POSITION
as at 30 June 2021

	Note	2021 \$'000	2020 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash	3A	48,996	36,126	36,184
Trade and other receivables	3B	668,862	543,066	468,490
Total financial assets		717,858	579,192	504,674
Non-financial assets¹				
Buildings	4A	995,411	1,113,933	939,211
Buildings - leasehold improvements	4A	148,177	154,094	164,720
Plant and equipment	4A	100,065	46,644	51,398
Intangibles - computer software	4A	490,055	501,449	598,121
Other non-financial assets	4B	74,088	53,324	4,524
Total non-financial assets		1,807,796	1,869,444	1,757,974
Total assets		2,525,654	2,448,636	2,262,648
LIABILITIES				
Payables				
Employees	5A	42,557	34,359	39,987
Suppliers	5B	254,968	284,870	241,324
Other payables	5C	4,981	3,453	3,454
Total payables		302,506	322,682	284,765
Interest bearing liabilities				
Leases	6A	1,115,303	1,172,963	1,014,059
Total interest bearing liabilities		1,115,303	1,172,963	1,014,059
Provisions				
Employee provisions	7A	778,962	752,319	727,857
Other provisions	7B	19,045	12,505	9,439
Total provisions		798,007	764,824	737,296
Total liabilities		2,215,816	2,260,469	2,036,120
Net assets		309,838	188,167	226,528
EQUITY				
Contributed equity		2,112,114	1,897,779	2,142,671
Reserves		123,154	123,183	122,807
Accumulated deficit		(1,925,430)	(1,832,795)	(2,038,950)
Total equity		309,838	188,167	226,528

¹ Right-of-use assets are included in the following line items:
- Buildings
- Plant and equipment

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
STATEMENT OF FINANCIAL POSITION
as at 30 June 2021

Budget variances commentary: Statement of financial position

Affected line items	Explanation of major variances
Cash	The higher than expected actual is primarily due to timing differences in cash receipts and payments.
Trade and other receivables	The higher than budgeted actual is the result of underspends across both operating and capital appropriations. This has been driven by delayed and/or reduced compliance, debt and litigation activities.
Buildings	The higher than budgeted actual is primarily driven by the recognition of two new property leases not anticipated when the budget was prepared.
Buildings – leasehold improvements	The lower than budgeted actual is primarily driven by lower asset additions caused by delays in major property projects due to COVID-19 restrictions.
Plant and equipment	The higher than budgeted actual is primarily driven by the recognition of right-of-use assets related to a new significant IT lease contract.
Intangibles - computer software	The lower than expected actual is primarily driven by lower than anticipated asset additions in relation to computer software projects while the ATO supported the Government's response to the COVID-19 pandemic.
Other non-financial assets	The higher than expected actual is primarily driven by a small number of large prepayments made during the year.
Suppliers	The higher than expected actual is primarily due to higher than expected trade creditors and accruals due to pending payments for services provided on behalf of the ATO.
Leases	The higher than expected actual is primarily due to the recognition of two new property leases and a new significant IT lease contract.
Employee provisions	The higher than expected actual is a result of historically low amounts of leave taken by staff during the COVID-19 pandemic.
Other provisions	The higher than expected actual is primarily driven by a new restoration and makegood requirement as part of a new significant IT lease contract.
Equity	The budgeted equity balances did not account for an operating surplus or appropriation reductions associated with unspent funding subsequently returned to Government.

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2021

	Contributed equity			Asset revaluation surplus			Retained earnings			Total equity		
	2021	2020	Original budget	2021	2020	Original budget	2021	2020	Original budget	2021	2020	Original budget
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance												
Balance carried forward from previous period	1,897,779	1,706,580	1,897,779	123,183	123,220	123,183	(1,832,795)	(1,762,295)	(1,832,795)	188,167	67,505	188,167
Adjustment on initial application of AASB 16 Leases	-	-	-	-	47	-	-	146,938	-	-	146,985	-
Adjusted opening balance	1,897,779	1,706,580	1,897,779	123,183	123,267	123,183	(1,832,795)	(1,615,357)	(1,832,795)	188,167	214,490	188,167
Comprehensive loss												
Other comprehensive loss (Deficit) for the period	-	-	-	(29)	(84)	-	-	-	-	(29)	(84)	-
Total comprehensive loss	-	-	-	(29)	(84)	-	(92,635)	(217,438)	(206,507)	(92,635)	(217,438)	(206,507)
Transactions with owners												
Distributions to owners												
Returns of contributed equity ¹	(32,316)	(3,145)	-	-	-	-	-	-	-	(32,316)	(3,145)	-
Contributions by owners												
Equity injection - appropriations	126,249	76,607	126,249	-	-	-	-	-	-	126,249	76,607	126,249
Departmental capital budget	118,644	117,737	118,644	-	-	-	-	-	-	118,644	117,737	118,644
Restructuring ²	1,758	-	-	-	-	-	-	-	-	1,758	-	-
Total transactions with owners	214,335	191,199	244,893	-	-	-	-	-	-	214,335	191,199	244,893
Transfers between equity components	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance as at 30 June	2,112,114	1,897,779	2,142,672	123,154	123,183	123,183	(1,925,430)	(1,832,795)	(2,039,302)	309,838	188,167	226,553

¹ Return of contributed equity relates to amounts withheld through a section 51 determination which represent a loss of control to the ATO. Current year amount also includes repeal of Appropriation Act (No.2) 2018-19 which will automatically lapse from 1 July 2021. A total of \$5,165,075 is still legally available and therefore included in Note 19B Unspent Annual Appropriations.

² On 15 April 2021, as a result of the Modernising Business Register (MBR) program, \$1,758,000 of net assets were transferred from the Australian Securities and Investments Commission (ASIC) to the ATO.

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2021

Accounting policy

Equity Injection

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and departmental capital budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangement

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Budget variances commentary: Statement of changes in equity

Explanation of major variances

The variances are supported by the explanations provided above in the Statement of Comprehensive Income and Statement of Financial Position.

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
CASH FLOW STATEMENT
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000	Original budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		3,771,865	3,377,561	3,964,865
Rendering of services		98,948	117,039	133,123
Receipts transferred from the official public account		299,960	290,901	-
GST received		171,908	149,620	132,476
Other		3,929	11,105	-
Total cash received		4,346,610	3,946,226	4,230,464
Cash used				
Employees		2,012,867	1,910,515	2,141,569
Suppliers		1,794,052	1,519,545	1,808,927
Interest payments on lease liabilities		12,018	13,677	12,692
S.74 receipts transferred to the official public account		304,787	300,202	-
Total cash used		4,123,724	3,743,939	3,963,188
Net cash from operating activities		222,886	202,287	267,276
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment		31,549	16,437	302,765
Purchase of intangibles		117,352	123,061	-
Total cash used		148,901	139,498	302,765
Net cash used by investing activities		(148,901)	(139,498)	(302,765)
FINANCING ACTIVITIES				
Cash received				
Appropriations - contributed equity		148,901	132,498	244,893
Total cash received		148,901	132,498	244,893
Cash used				
Principal payments of lease liabilities		210,016	204,529	209,346
Total cash used		210,016	204,529	209,346
Net cash used by financing activities		(61,115)	(72,031)	35,547
Net increase in cash held		12,870	(9,242)	58
Cash at the beginning of the reporting period		36,126	45,368	36,126
Cash at the end of the reporting period	3A	48,996	36,126	36,184

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
CASH FLOW STATEMENT
for the year ended 30 June 2021

Budget variances commentary: Statement of cash flows

Explanation of major variances

The variances are supported by the explanations provided above in the Statement of Comprehensive Income and Statement of Financial Position.
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The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the year ended 30 June 2021

	Note	2021 \$'m	2020 \$'m	Original budget \$'m
NET COST OF SERVICES				
Expenses				
Subsidies	13A	80,785	65,321	93,518
Personal benefits	13B	1,008	1,075	1,095
Impairment of receivables ¹		7,960	6,868	5,175
Penalty and interest charge remission expenses		1,228	1,282	1,480
Interest on overpayments		55	120	80
Superannuation guarantee charge		879	746	428
Unclaimed superannuation monies interest		26	(31)	24
Other expenses		-	3	8
Total expenses		91,941	75,384	101,808
Revenue				
Income tax	14A	352,180	328,248	321,289
Indirect tax	14B	100,984	90,076	87,330
Other taxes	14C	3,501	2,937	2,783
Non-taxation	14D	1,135	1,182	641
Total revenue		457,800	422,443	412,044
Net contribution by services		365,859	347,059	310,236
Surplus on continuing operations		365,859	347,059	310,236
Total comprehensive income		365,859	347,059	310,236

¹ Includes write-offs of \$2,568 million (2020: \$2,118 million) less re-raises of \$291 million (2020: \$598 million) and the movement in the impairment provision of \$5,683 million (2020: \$5,348 million).

The above schedule should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the year ended 30 June 2021

Budget variances commentary: Schedule of comprehensive income

Affected line items	Explanation of major variances
Subsidies	The actuals are lower than budget primarily due to lower demand than expected for JobKeeper payments. This largely reflects better than expected economic conditions in 2020-21.
Personal Benefits	The actuals are lower than budget due to lower than expected eligible recipients of the low income superannuation tax offset.
Impairment of receivables	The actuals are higher than budget due to significant growth in aged debt for small business reflecting the impacts of COVID-19. This is partially offset by lower than expected write off activity.
Penalty and interest charge remission expense	The actuals are lower than budget primarily due to lower-than-expected penalty and interest remissions for individuals. Given the impact of COVID-19 on taxpayers, the ATO has generally imposed a lower amount of penalties and interest than in prior years leading to less being remitted.
Interest on overpayments	The actuals are lower than budget due to historically low interest rates, improved work practices and further improvements to automation reducing the amount of days interest was payable to clients.
Superannuation guarantee charge	The actuals are higher than budget due to strength in superannuation guarantee charge revenue as a result of the superannuation guarantee amnesty and revenue raised from higher than expected actioning of additional employee notification cases.

The above schedule should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the year ended 30 June 2021

Budget variances commentary: Schedule of comprehensive income (continued)

Affected line items	Explanation of major variances
Income tax	The actuals are higher than budget primarily due to a stronger-than-expected recovery in economic conditions. Strength in company tax revenue reflects the faster-than-expected economic recovery and higher commodity prices which has flowed onto profits. Strength in individuals revenue was driven by stronger-than-expected labour market conditions, strong capital gains and lower rental deductions as a result of historically low interest rates.
Indirect tax	The actuals are higher than budget due to a stronger than expected recovery in economic conditions, particularly in consumption subject to goods and services tax and dwelling investment growth.
Other taxes	The actuals are higher than budget primarily due to strength in superannuation guarantee charge revenue as a result of the superannuation guarantee amnesty and higher than expected actioning of employee notification cases.
Non-taxation	The actuals are higher than budget due to higher than expected unclaimed superannuation monies (USM). This is primarily due to higher inflows of the stock of in-active low balances in 2020-21 and higher than expected trustee voluntary payments (TVP) and eligible rollover funds (ERF) closure payments. Inflows from the accounts of former temporary residents (FTR) have also continued to be higher than recent years.

The above schedule should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2021

	Note	2021 \$'m	2020 \$'m	Original budget \$'m
ASSETS				
Financial assets				
Cash		393	470	546
Cash held in special accounts ¹		75	76	-
Total financial assets		468	546	546
Non-financial assets				
Receivables	15A	29,965	35,010	36,998
Accrued revenues	15B	14,207	12,302	13,743
Total non-financial assets		44,172	47,312	50,741
Total assets administered on behalf of the Australian Government		44,640	47,858	51,287
LIABILITIES				
Payables				
Subsidies		363	447	45
Personal benefits		11	9	8
Superannuation guarantee charge		62	43	43
Taxation refunds due		1,196	1,216	1,216
Superannuation holding account		76	76	78
Other payables		3	2	17
Total payables		1,711	1,793	1,408
Provisions				
Subsidies	16	4,427	23,231	4,393
Personal benefits	16	1,150	1,167	1,167
Other accrued expenses	16	28	37	47
Income taxation refunds	16	1,886	1,610	1,718
Indirect taxation refunds	16	216	278	184
Superannuation guarantee payments	16	696	778	781
Unclaimed superannuation payments	16	775	506	582
Other refunds	16	15	23	-
Interest on overpayment of taxes	16	11	19	19
Total provisions		9,204	27,649	8,890
Total liabilities administered on behalf of the Australian Government		10,915	29,442	10,299
Net assets		33,725	18,416	40,989

¹ Cash held in special accounts does not include amounts held in trust for special accounts of \$207 million (2020: \$217 million). See Note 20 special accounts for more information.

The above schedule should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2021

Accounting policy

Administered liabilities

Administered liabilities include payables and provisions. Payables are recognised for claims on hand and provisions are raised for accrued expenses in accordance with the accounting policy in the administered expenses in Note 13. The majority of the ATO's administered liabilities are not categorised as financial liabilities as they are statutory in nature.

Budget variances commentary: Schedule of assets and liabilities

Affected line items	Explanation of major variances
Cash	The actuals are lower than expected primarily due to timing difference in cash receipts and payments.
Receivables	Actual receivables are lower than budget primarily due to a higher-than-expected impairment of small debts for small businesses reflecting impacts of COVID-19. The lower than budget receivables was also due to higher than expected allowances for credit amendment driven by several disputes (i.e. litigation and objection cases) where the outcome is expected to be in favour of the taxpayer.
Accrued revenues	The actuals are higher than budget primarily due to goods and services tax (GST) consistent with higher GST revenue from a stronger-than-expected economic recovery from COVID-19. This was partially offset by lower accrued revenue for unclaimed superannuation monies (USM). An overstatement of accrued revenue at Budget 2020-21 contributed to this variance.
Subsidies payable	The actuals are higher than budget due to the timing difference in cash flow boost payments.
Income taxation refunds	The actuals are higher than budget primarily due to a higher provision for refunds for company tax, superannuation funds and petroleum resource rent tax. Provisions for refunds can be volatile due to the timing of lodgments, payments and compliance activity from year to year.
Indirect taxation refunds	The actuals are higher than budget primarily due to a higher provision for refunds for goods and services tax. Provisions for refunds can be volatile due to the timing of lodgments, payments and compliance activity from year to year.
Unclaimed superannuation payments	The actuals are higher than budget reflecting higher future unclaimed superannuation monies (USM) outflows expected as a result of higher than expected inflows in 2020-21.

The above schedule should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED RECONCILIATION SCHEDULE
for the year ended 30 June 2021

	2021	2020
	\$'m	\$'m
Opening assets less liabilities as at 1 July	18,416	27,806
Adjustments to equity		
FTB equity transfer	(45)	126
HELP equity transfer	256	590
TSL equity transfer	(12)	30
SFSS equity transfer	(24)	21
Net (cost of)/contribution by services		
Income	457,800	422,443
Expenses	(91,941)	(75,384)
Transfers (to)/from Australian Government		
Appropriation transfers from the official public account		
Annual appropriations	-	3
Special appropriations (unlimited)	204,681	161,349
Appropriation transfers to the official public account		
Transfers to the official public account	(555,406)	(518,568)
Closing assets less liabilities as at 30 June	33,725	18,416

Accounting Policy

Administered cash transfers to and from the official public account

Revenue collected by the ATO for use by the Australian Government rather than the ATO is administered revenue. Collections are transferred to the official public account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriations. Transfers to and from the OPA are adjustments to the administered cash held by the ATO on behalf of the Australian Government and are reported in the schedule of administered cash flows and in the administered reconciliation schedule.

The above schedule should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED CASH FLOW STATEMENT
for the year ended 30 June 2021

	2021	2020
	\$'m	\$'m
OPERATING ACTIVITIES		
Income tax	348,869	317,561
Indirect tax	99,585	84,786
Other revenue	4,222	2,155
Superannuation holding account	-	(9)
Subsidies paid	(99,965)	(45,308)
Personal benefits	(1,019)	(1,060)
Interest	(63)	(123)
Other	(982)	(705)
Net cash from operating activities	350,647	357,297
Cash at the beginning of the reporting period	546	465
Cash from the official public account		
Appropriations	204,663	161,344
Special accounts	18	8
Total cash used from the official public account	204,681	161,352
Cash to the official public account		
Administered receipts	(555,388)	(518,560)
Special accounts	(18)	(8)
Total cash to the official public account	(555,406)	(518,568)
Cash at the end of the reporting period	468	546

Accounting policy

The administered cash flow statement represents the total cash received or paid through primary operating activities of the ATO, and accordingly categories disclosed above are treated on a net basis. For example, a refund relating to income tax is defined as an overpayment of tax and treated as a reduction to the income tax category. Positive amounts represent an inflow and negative amounts represent an outflow for the relevant category. More detailed information in relation to refunds can be found in Note 19C special appropriations.

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
Notes to and forming part of the financial statements
for the year ended 30 June 2021

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Australian Taxation Office Notes to and forming part of the financial statements

Overview

Objectives of the Australian Taxation Office

The Australian Taxation Office (ATO) is an Australian Government controlled, not-for-profit entity. The objective of the ATO is to effectively manage and shape the tax and superannuation systems that support and fund services for Australians.

Basis of preparation of the financial statements

The financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are general purpose financial statements. The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements have been prepared on a going concern basis. The ATO's departmental activities are dependent on government policy and continued funding by the Parliament.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand (departmental) or the nearest million (administered), unless disclosure of the full amount is required.

Unless an alternate treatment is required by an accounting standard or the FRRs, assets and liabilities are recognised in the Statement of Financial Position when, and only when, it is probable that economic benefits will flow to the ATO or a future sacrifice of economic benefits will be required and the amount can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Unrecognised liabilities are reported in Note 9 Contingent Assets and Liabilities.

Unless an alternate treatment is required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

The ATO reporting entity

Included in the ATO's financial statements are the operations of the Australian Charities and Not-for-profit (ACNC) through the ACNC Special Account; and the operations of the Australian Business Register (ABR) and Tax Practitioners Board (TPB).

During 2020-21, as a result of the Modernising Business Registers (MBR) program, 221 staff were transferred from the Australian Securities and Investments Commission (ASIC) to the ATO via *Public Service Act 1999 (Machinery of government changes) Determination (No. 3) 2021* in addition to related departmental assets and liabilities.

The MBR program's effective administrative responsibility transfers for administered items on completion of the necessary ATO system build to deliver the MBR program. This is currently scheduled to be completed in 2022-23. This has been agreed upon by both ASIC and ATO.

Details of the Departmental assets and liabilities transferred are included at Note 22. The appropriation notes have been prepared separately in accordance with legal authority.

Reporting of administered activities

The Administered Schedules of Comprehensive Income, Assets and Liabilities, Administered Reconciliation Schedule and Administered Cash Flow Statement reflect the Government's transactions, through the ATO, with parties outside the Government.

Australian Taxation Office

Notes to and forming part of the financial statements

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

A commitment note is not prepared for administered financial statements due to the nature of the items reported being legislated and not contractual arrangements.

Significant accounting judgements and estimates for departmental items

Item	Note
The fair value of leasehold improvements is determined by estimating the depreciated replacement cost after taking the useful life and remaining useful life of the asset into consideration.	4
The fair value of plant and equipment is determined based on the market value for items of similar type and age or, where there is no active or comparable market, by estimating the depreciated replacement cost.	4

No other accounting assumptions or estimates have been identified that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Significant accounting judgements and estimates for administered items

Item	Note
Taxation revenue items reported under the economic transaction method	14
General interest charge revenue and remission expense that have not as yet been posted to taxpayers' accounts	14
Penalties and interest charges and settlements	14
Allowance for impairment losses	15
Allowance for credit amendments and provision for refunds – key assumptions and methodologies used	15

The increased uncertainty surrounding the expected value and timing of repayments of administered receivables as a result of the COVID-19 pandemic have continued into the 2020-21 financial year. Administered receivables remain higher than usual which may also increase the risk of collectability. Structural shifts in repayment behaviour could cause material future changes to the impairment allowance. During the 2020-21 financial year, the ATO has revised the impairment allowance accounting estimate. Refer to the accounting policy in Note 15.

No other accounting assumptions or estimates have been identified that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

New accounting standards

No accounting standard has been adopted earlier than the application date as stated in the standard.

AASB 1059 *Service Concession Arrangements: Grantors* became effective 1 July 2020. The ATO has assessed the standard and concluded there is no impact on the ATO's financial statements.

Standard / Interpretation	Nature of change
AASB 1059 <i>Service Concession Arrangements: Grantors</i>	<p>The new standard addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from a grantor's perspective.</p> <p>Prior to the issuance of AASB 1059, there was no definitive accounting guidance in Australia for service concession arrangements, which include a number of public private partnerships (PPP) arrangements. The AASB issued the new standard to address the lack of specific accounting guidance and based the content thereof</p>

Australian Taxation Office Notes to and forming part of the financial statements

Standard / Interpretation	Nature of change
	broadly on its international equivalent: International Public Sector Accounting Standard 32: <i>Service Concession Arrangements: Grantor</i> .

Changes in accounting estimates

There have been no material changes in accounting estimates applied to the 2020-21 departmental financial statements.

There have been changes to the accounting estimate for impairment allowance for the administered financial statements. Refer to the accounting policy at Note 15.

Prior period errors

In the prior period, Note 8A Financial Instruments included amounts pertaining to lease liabilities (\$1.2 billion), however, this disclosure is not required under AASB 9 *Financial Instruments*. Note 8A has been amended in the current period and this amount removed from comparative figures. This error was a disclosure error only and has no impact of the Statement of Comprehensive Income or Statement of Financial Position.

Taxation

The ATO is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses, assets and liabilities are recognised net of GST except:

- where the amount of GST incurred is not recoverable under the applicable legislation; and
- for receivables and payables.

Events after the reporting date

There was no subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the ATO.

Australian Taxation Office

Notes to and forming part of the financial statements

1: Expenses

	2021	2020
	\$'000	\$'000
Note 1A: Employee benefits		
Wages and salaries	1,490,735	1,368,186
Superannuation:		
Defined contribution plans	148,392	127,067
Defined benefit plans	166,924	170,657
Leave and other entitlements	227,632	283,341
Separation and redundancies	5,472	10,867
Other employee expenses	3,014	3,685
Total employee benefits	2,042,169	1,963,803

Accounting policy

Accounting policies for employee related expenses is contained in Note 7A Employee provisions.

Note 1B: Suppliers

Goods and services supplied or rendered

Contractors and consultants	600,087	465,304
IT and communications	586,434	529,283
Legal	62,080	63,721
Office operations	117,680	136,577
Property	59,527	63,333
Tax administration services provided by the Department of Home Affairs	56,200	50,465
Other ¹	96,275	111,572
Total goods and services supplied or rendered	1,578,283	1,420,255

Other suppliers

Operating lease rentals ²	90	27
Workers compensation expenses	2,956	3,977
Total other suppliers	3,046	4,004
Total suppliers	1,581,329	1,424,259

¹ The comparative figure includes travel expenses (2020: \$18,257,000) which was presented as a separate line item in the prior year.

² The ATO has one short-term lease commitment as at 30 June 2021.

The above lease disclosures should be read in conjunction with the accompanying notes 1C, 2B, 4A and 6A.

Australian Taxation Office
Notes to and forming part of the financial statements

	2021	2020
	\$'000	\$'000
Note 1C: Finance costs		
Interest on lease liabilities	12,018	13,677
Unwinding of discount	108	11
Total finance costs	12,126	13,688

The above lease disclosures should be read in conjunction with the accompanying notes 1B, 2B, 4A and 6A.

Accounting policy

All finance charges are expensed as incurred.

Note 1D: Impairment loss on financial instruments

Impairment gain on financial instruments	(948)	(1,869)
Total impairment gain on financial instruments	(948)	(1,869)

Note 1E: Write-down and impairment of other assets

Impairment and write-offs of non-financial assets		
Plant and equipment	127	147
Intangibles	69	2,550
Other	-	2,056
Total write-down and impairment of other assets	196	4,753

Note 1F: Other expenses

Compensation	291	608
Act of grace payments	-	2
Losses from asset sales	46	3
Total other expenses	337	613

Australian Taxation Office

Notes to and forming part of the financial statements

2: Own-source revenue

	2021	2020
	\$'000	\$'000

Note 2A: Rendering of services

Rendering of services	71,699	89,016
Total revenue from rendering of services	71,699	89,016

Disaggregation of rendering of services

Type of customer:

Australian Government entities (related parties)	69,932	87,207
State and Territory Governments	283	285
Non-government entities	1,484	1,524
	71,699	89,016

Accounting policy

Revenue from rendering of services is recognised when the ATO satisfies a performance obligation by performing a promised service to a customer. Revenue is recognised either as:

- the performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits provided by the ATO or
- the performance obligation is satisfied at a point in time when the customer obtains control of the asset.

Receivables for goods and services, which have 28 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

	2021	2020
	\$'000	\$'000

Note 2B: Rental income

Finance lease:

Finance income	318	393
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Operating lease:

Lease income	16,091	16,466
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Total rental income	16,409	16,859
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Australian Taxation Office

Notes to and forming part of the financial statements

Finance leases

The ATO in its capacity as lessor has two subleases that are recognised as a finance sublease. A sublease is classified as a finance sublease when the right-of-use asset transferred comprises of 75% or more of the underlying head lease right-of-use asset.

Maturity analysis of finance lease receivables

	2021	2020
	\$'000	\$'000
Within 1 year	7,607	7,441
One to two years	7,888	7,577
Two to three years	8,179	7,856
Three to four years	4,242	8,146
Four to five years	843	4,232
More than 5 years	-	843
Total undiscounted lease payments receivable	28,759	36,095
Unearned finance income	548	872
Net investment in leases	28,211	35,223

Operating leases

The ATO in its capacity as lessor has a range of long and short-term leases with fixed dates for expiry. A number of subleases are due to end over the next five years.

Maturity analysis of operating lease income receivables:

	2021	2020
	\$'000	\$'000
Within 1 year	15,923	9,598
One to two years	7,993	7,730
Two to three years	4,454	3,974
Three to four years	2,756	1,154
Four to five years	1,898	1,154
More than 5 years	1,499	2,037
Total undiscounted lease payments receivable	34,523	25,647

The above lease disclosures should be read in conjunction with the accompanying notes 1B, 1C, 4A and 6A.

The ATO subleases space excess to its needs in certain office buildings. Sublease terms (including rent escalation clauses and make good requirements) are consistent with those in the head lease in order to reduce the risk associated with the ATO's obligations under the head lease. These leases have a range of terms between one month and ten years, reflecting the ATO's expected operational needs for the subleased premises.

Australian Taxation Office

Notes to and forming part of the financial statements

	2021 \$'000	2020 \$'000
Note 2C: Other revenue and gains		
Recovery of legal costs	3,625	10,094
Resources received free of charge	3,821	3,721
Other revenue and gains/(reversals) ¹	<u>52</u>	<u>1,395</u>
Total other revenue and gains	<u>7,498</u>	<u>15,210</u>

¹ Includes amounts related to refunds/(reversals) and overpayments/(underpayments) of \$26,000 (2020: \$1,392,000).

Accounting policy

Revenue from recovery of legal costs is recognised at the time the court awards those costs to the ATO.

Resources received free of charge are recognised as revenue when the fair value can be reliably measured at the time the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Note 2D: Revenue from the Australian Government

Departmental appropriations	<u>3,831,811</u>	<u>3,461,261</u>
Total revenue from the Australian Government	<u>3,831,811</u>	<u>3,461,261</u>

Accounting policy

Departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from the Australian Government when the ATO gains control of the appropriation.

Appropriation receivables are recognised at their nominal amounts.

3: Financial assets

Note 3A: Cash

Special account - ACNC	10,913	5,441
Cash on hand or on deposit	<u>38,083</u>	<u>30,685</u>
Total cash	<u>48,996</u>	<u>36,126</u>

Accounting policy

Cash is recognised at its nominal amount. Cash includes cash on hand or on deposit, and cash held in bank and the official public account for special accounts.

Australian Taxation Office
Notes to and forming part of the financial statements

	2021	2020
	\$'000	\$'000
<u>Note 3B: Trade and other receivables</u>		
Service receivables	8,392	16,935
Total service receivables	8,392	16,935
Appropriations receivables		
Existing programs		
Cash held in the official public account: ATO	578,035	444,537
Total appropriations receivables	578,035	444,537
Other receivables		
GST receivable from the ATO (as Tax Administrator)	36,359	37,897
Lease receivables	30,781	38,548
Other receivables	27,273	22,621
Total other receivables	94,413	99,066
Total trade and other receivables (gross)	680,840	560,538
Less impairment loss allowance	(11,978)	(17,472)
Total trade and other receivables (net)	668,862	543,066

Australian Taxation Office Notes to and forming part of the financial statements

4: Non-Financial Assets

Note 4A: Current year - Reconciliation of the opening and closing balances of property, plant, equipment, and intangibles 2021

	Buildings \$'000	Buildings - leasehold improvements \$'000	Total plant and equipment \$'000	Computer software purchased \$'000	Computer software - internally developed \$'000	Total intangibles computer software \$'000	Total \$'000
As at 1 July 2020							
Gross book value	1,331,980	192,078	70,618	156,017	1,683,094	1,839,111	3,433,787
Accumulated depreciation, amortisation and impairment	(218,047)	(37,984)	(23,974)	(129,536)	(1,208,126)	(1,337,662)	(1,617,667)
Total as at 1 July 2020	1,113,933	154,094	46,644	26,481	474,968	501,449	1,816,120
Additions:							
Purchase	-	17,871	14,991	5,324	-	5,324	38,186
Right-of-use assets	82,675	-	61,946	-	-	-	144,621
Internally developed	-	-	-	-	102,070	102,070	102,070
Restructuring	15,339	2,518	27	-	-	-	17,884
Impairment write-offs recognised in net cost of services	-	-	(127)	(50)	(19)	(69)	(196)
Disposals	-	-	(18)	262	(262)	-	(18)
Other movements	-	-	(42)	-	-	-	(42)
Other movements of right-of-use assets	(74)	-	-	-	-	-	(74)
Depreciation / amortisation expense	-	(26,306)	(16,722)	(12,120)	(106,599)	(118,719)	(161,747)
Depreciation on right-of-use assets	(216,462)	-	(6,634)	-	-	-	(223,096)
Total as at 30 June 2021	995,411	148,177	100,065	19,897	470,158	490,055	1,733,708
Total as at 30 June 2021 represented by							
Gross book value	1,436,126	206,712	143,504	159,478	1,694,772	1,854,250	3,640,592
Work in progress	-	14,981	3,208	-	90,112	90,112	108,301
Accumulated depreciation, amortisation and impairment	(440,715)	(73,516)	(46,647)	(139,581)	(1,314,726)	(1,454,307)	(2,015,185)
Total as at 30 June 2021	995,411	148,177	100,065	19,897	470,158	490,055	1,733,708
Carrying amount of right-of-use assets	995,411	-	57,008	-	-	-	1,052,419

Each class of non-financial asset was assessed for impairment in accordance with the relevant impairment policy stated below. No indicators of impairment were found at 30 June 2021 (2020: nil).

Australian Taxation Office

Notes to and forming part of the financial statements

Revaluations of tangible assets

Buildings – leasehold improvements and plant and equipment are recognised at fair value. All revaluations are conducted in accordance with the ATO revaluation policy stated below. The ATO engaged the service of accredited valuer, Jones Lang LaSalle (JLL), to conduct a desktop review of carrying amounts for all tangible assets as at 30 June 2021.

Accounting policy

Assets are initially recognised at cost, except as stated below. The initial cost of an asset includes transaction costs and an estimate of the cost of dismantling and removing the item and restoring the site in which it is located, where applicable.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Tangible assets

Asset recognition thresholds

Purchases of leasehold improvements and plant and equipment are recognised initially at cost in the statement of financial position, except for assets costing less than the relevant asset recognition threshold. Asset recognition thresholds can be found in the table below, except for ACNC and TPB assets, which have an asset recognition threshold of \$3,000.

Leased right of use (ROU) assets

Leased ROU assets are capitalised at the commencement date of the lease and are comprised of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by ATO as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 *Leases*, the ATO adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Leased ROU assets continue to be measured at cost after initial recognition.

Revaluations

Following initial recognition at cost, leasehold improvements and plant and equipment assets (excluding ROU assets) are carried at fair value (or an amount not materially different from fair value) less accumulated depreciation and accumulated impairment losses. The ATO conducts a comprehensive valuation every three years for all tangible assets. Valuation reviews ensure that the carrying amounts of assets do not materially differ from the fair value as at the reporting date. Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class. Any accumulated depreciation and accumulated impairment as at the revaluation date are eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciation methods and rates (useful lives) are reviewed at each reporting date and necessary adjustments are recognised in the current or future reporting periods, as appropriate.

If an asset is not fully constructed at the reporting date, its cost to date is reported as an asset under construction. Depreciation does not commence until the asset is available for use.

Australian Taxation Office

Notes to and forming part of the financial statements

Depreciation rates applying to each class of depreciable asset are based on the following useful lives and methods:

Asset type	Threshold	2021	2020
Leasehold improvements	\$1,000,000	Lesser of lease term or a maximum 20 year useful life (Straight-line method)	Lesser of lease term or a maximum 20 year useful life (Straight-line method)
Plant and equipment			
Other than desktop computers, laptops, monitors and printers	Bulk purchases furniture and fittings \$200,000 Individual purchases plant and equipment \$3,000	5 – 25 years (Straight-line method)	5 – 25 years (Straight-line method)
Desktop computers, laptops, monitors and printers	Bulk purchases \$200,000 Individual purchases \$3,000	4 – 5 years (Reducing balance method)	4 – 5 years (Reducing balance method)

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Impairment

Impairment testing is conducted during the annual fair value review of leasehold improvements and bulk furniture and fittings, as well as during stocktakes. All leasehold improvements, plant and equipment and computer assets were assessed for indicators of impairment as at 30 June 2021. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

Leasehold improvement and plant and equipment assets are derecognised upon disposal or when no further future economic benefits are expected from their use or disposal.

Intangible assets

Asset recognition thresholds

The ATO's intangible assets comprise internally developed and purchased software. All intangible assets are carried at cost less accumulated amortisation and accumulated impairment and are not subject to revaluation.

Asset recognition thresholds can be found in the table below, except for ACNC and TPB assets. ACNC and TPB have an asset recognition threshold of \$100,000 for new internally developed software and \$50,000 for enhancements. ACNC and TPB purchased software have an asset recognition threshold of \$3,000.

Amortisation

Amortisation rates (useful lives) are reviewed at each reporting date and necessary adjustments are recognised in the current reporting period, or current and future reporting periods, as appropriate. In determining useful life, all known legislative changes are taken into account.

If an asset is not fully constructed at the reporting date, its cost to date is reported as an asset under construction. Amortisation does not commence until the asset is available for use.

Australian Taxation Office

Notes to and forming part of the financial statements

Computer software assets are amortised based on the following useful lives.

Asset type	Threshold	2021	2020
Purchased software	\$200,000	3 - 20 years (Straight-line method)	3 - 20 years (Straight-line method)
Internally developed software	\$2,500,000 Enhancements to previously capitalised software \$1,000,000	5 - 26 years (Straight-line method)	5 - 26 years (Straight-line method)

Impairment

Impairment testing is conducted through annual reviews of internally developed and purchased software. Where indicators of impairment are evident, the recoverable amount of the intangible asset is estimated and an impairment loss is recognised where the recoverable amount is less than the carrying amount.

The recoverable amount for purchased software and internally developed software in use is taken to be the depreciated replacement cost.

The recoverable amount for internally developed software assets under construction is the current replacement cost. In circumstances where the asset would be replaced if the ATO were deprived of it, the recoverable amount is taken to be the original budgeted cost as amended for additional functionality requirements. In circumstances where the asset would not be replaced if the ATO were deprived of the asset, the recoverable amount is assessed to be nil.

All computer software assets were assessed for indicators of impairment as at 30 June 2021.

Other non-financial assets

No indicators of Impairment were found for other non-financial assets.

	2021	2020
	\$'000	\$'000
Note 4B: Other non-financial assets		
Prepayments	69,707	47,039
Sub lease incentives provided	4,381	6,285
Total other non-financial assets	74,088	53,324

Australian Taxation Office

Notes to and forming part of the financial statements

5: Payables

	2021	2020
	\$'000	\$'000
Note 5A: Employees		
Salaries and wages	34,829	28,616
Superannuation	6,071	4,852
Separations and redundancies	1,657	891
Total employees	42,557	34,359
Note 5B: Suppliers		
Trade creditors and accruals	254,968	284,870
Total suppliers	254,968	284,870
Note 5C: Other payables		
Prepayments received/unearned income	1,384	81
Other	3,597	3,372
Total other payables	4,981	3,453

6: Interest bearing liabilities

	2021	2020
	\$'000	\$'000
Note 6A: Leases		
Lease liabilities		
Buildings	1,060,034	1,171,216
Plant and equipment	55,269	1,747
Total leases	1,115,303	1,172,963
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	233,022	218,403
Between 1 to 5 years	663,447	656,377
More than 5 years	257,173	343,778
Total leases	1,153,642	1,218,558

Total cash outflow for leases for the year ended 30 June 2021 was \$222,034,000 (2020: \$218,206,000). The ATO leases various offices, storage areas, data centre facilities, equipment and vehicles. Lease contracts are typically made for fixed periods of 12 months to ten years but may have extension options.

Contracts may contain both lease and non-lease components. The ATO allocates the consideration in the contracts to the lease and non-lease components based on their relative stand-alone prices. However, for leases of data centre facilities, the ATO has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Extension and termination options are included in a number of leases across the ATO. These are used to maximise operational flexibility in terms of managing the assets used in the ATO's operations. Extension options (or termination options) are only included in the lease term if the lease is reasonably certain to be extended (or terminated).

Extension options for offices, storage areas, data centre facilities, equipment and vehicles are not reasonably certain to be exercised because the ATO could replace the assets without significant cost or business disruption.

Australian Taxation Office Notes to and forming part of the financial statements

As at 30 June 2021, potential future cash outflows of \$1.109 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (2020: \$1.078 million).

The above lease disclosures should be read in conjunction with the accompanying notes 1B, 1C, 2B and 4A.

Accounting policy

For all new contracts entered into, the ATO considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the ATO's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

Australian Taxation Office

Notes to and forming part of the financial statements

7: Provisions

	2021	2020
	\$'000	\$'000
Note 7A: Employee provisions		
Leave	778,616	752,004
Performance bonus payments	162	120
Other	184	195
Total employee provisions	778,962	752,319

Accounting policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of the reporting period are measured at the amount expected to be paid on settlement.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

Leave liabilities are calculated based on the employees' remuneration at the estimated salary rates that will apply at the time the leave is taken. This includes an allowance for the ATO's employer superannuation contribution rates, annual leave and long service leave accrued when the leave is taken, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work undertaken by the Australian Government Actuary in 2020-21. The estimate of the present value of the liability considers attrition rates and pay increases through promotion and inflation.

Separation and redundancy

The ATO recognises a provision for redundancy when it has developed a plan for the redundancy and has informed those employees affected that it will carry out the redundancy. Provision is made for separation and redundancy employee benefit payments.

Superannuation

Employees of the ATO are members of the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PPS), which are defined benefit schemes for the Government, or a defined contribution scheme. The defined contribution scheme can be the PSS accumulation plan (PSSap), a fund of the employee's choice or Australian Super (as the default fund for employees who are covered under the *Superannuation (Productivity Benefits) Act 1988*).

The liability for defined benefits is recognised in the financial statements of the Government and is settled by the Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The ATO makes employer contributions to the employees' superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government. The ATO accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised at the end of the reporting period represents employer contribution accruals for the period from the last pay to 30 June 2021.

Australian Taxation Office

Notes to and forming part of the financial statements

Note 7B: Other provisions

	Legal costs and indemnities \$'000	Restoration obligations \$'000	Total \$'000
As at 1 July 2020	9,780	2,725	12,505
Additional provisions made	5,536	7,754	13,290
Amounts used	(5,381)	-	(5,381)
Amounts reversed	(1,477)	-	(1,477)
Unwinding of discount or change in discount rate	-	108	108
Total as at 30 June 2021	8,458	10,587	19,045

Accounting policy

Restoration obligations - accommodation

A small number of ATO property leases are subject to restoration costs upon vacating the site.

An asset and provision are recognised at the commencement of a lease at the present value of the restoration obligations. Movements in the liability are recognised as finance expenses as the payment of restoration costs advances. Any difference between the provision and the amount paid at final settlement is recognised as a restoration obligation expense or gain.

The restoration obligations provision on all new leasehold improvement assets is determined in accordance with a valuation supplied by Jones Lang LaSalle.

Revaluation increments and decrements in relation to the provision of the restoration obligations and the associated assets are recognised in Other Comprehensive Income as a change in the asset revaluation reserve.

The restoration obligations asset and provision are reviewed and adjusted annually to assess whether the ATO is likely to make payments under a restoration obligation.

Australian Taxation Office

Notes to and forming part of the financial statements

8: Financial instruments

Note 8A: Categories of financial instruments

	2021	2020
	\$'000	\$'000
Financial assets at amortised cost		
Cash	48,996	36,126
Service receivables	8,392	16,935
Other receivables	14,975	4,891
Total financial assets at amortised cost	<u>72,363</u>	<u>57,952</u>
Financial liabilities		
Financial liabilities measured at amortised cost		
Supplier payables	254,968	284,870
Total financial liabilities measured at amortised cost	<u>254,968</u>	<u>284,870</u>

Accounting policy

Financial assets

The ATO classifies its departmental financial assets depending on their nature and purpose. Departmental financial assets are recognised and derecognised upon trade date. Financial assets held in order to collect contractual cash flows and where cash flows are solely payment of principal and interest are measured subsequently at amortised cost using the effective interest method adjusted for any loss allowance.

Effective interest method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period based on expected credit losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial assets.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Financial liabilities are recognised and derecognised upon 'trade date'.

Suppliers are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced).

	2021	2020
	\$'000	\$'000
Note 8B: Net gains on financial assets		
Financial assets at amortised cost		
Impairment gains on loans and receivables	948	1,869
Net gains on financial assets at amortised cost	<u>948</u>	<u>1,869</u>
Note 8C: Net expense on financial liabilities		
Financial liabilities measured at amortised cost		
Interest expense on financial liabilities measured at amortised cost	12,018	13,677
Net expense on financial liabilities measured at amortised cost	<u>12,018</u>	<u>13,677</u>

Australian Taxation Office Notes to and forming part of the financial statements

9: Contingent assets and liabilities

	Indemnities		Claims for compensation/ damages or costs		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Contingent liabilities						
Balance from previous period	11,883	12,058	1,994	3,760	13,877	15,818
New contingent liabilities recognised	3,895	1,461	787	1,388	4,682	2,849
Re-measurement	(814)	-	(1,143)	(1,146)	(1,956)	(1,146)
Liabilities realised	-	(155)	(139)	(524)	(139)	(679)
Obligations expired	(145)	(1,481)	(163)	(1,484)	(309)	(2,965)
Total contingent liabilities	14,819	11,883	1,336	1,994	16,155	13,877
Net contingent liabilities	14,819	11,883	1,336	1,994	16,155	13,877

Quantifiable contingencies

Indemnities

An indemnity may be granted to a trustee/liquidator to help fund recovery action where the ATO is a creditor in an insolvency administration. Adverse costs may form part of an indemnity where it is possible that litigation may occur as a result of the indemnified recovery action.

Claims for compensation / damages or costs

At any point in time, the ATO has claims associated with actions brought against the ATO for unfair dismissal, unlawful termination, alleged breach of general protections provisions of the *Fair Work Act 2009*, unlawful discrimination and claims for compensation unrelated to the employment. This also includes claims under the 'Scheme for Compensation for Detriment Caused by Defective Administration' (CDDA) which provide for compensation to individuals and other bodies adversely affected by the maladministration by a Government body, but who have no legal means to seek redress, such as a legal claim.

Unquantifiable contingencies

Claims and legal actions

At any point in time, the ATO is subject to claims and legal actions. It is not possible to estimate the amounts and in some cases, the timing of any potential payments that may be required in relation to these claims.

Court awarded legal costs

A party successful in a legal action may be compensated for their expenses through a court award of legal costs against the opposing party. Due to the uncertainty over the outcome of outstanding and pending court cases, duration of court cases and the legal costs of the opposing party, the ATO is unable to reliably estimate either its potential payments to, or potential cost recoveries from, opposing litigants. The recoverability of certain costs awarded to the ATO remains improbable and a corresponding contingent asset is unquantifiable.

Contingent gain - indemnities

If the indemnity is paid and the action is successful, the ATO may recover the indemnity. The ATO is not able to reliably estimate potential recoveries from outstanding indemnities because of the duration and uncertainty of cases and the fluctuation in the number of indemnities granted each year.

Accounting policy

Contingent assets and liabilities arise from uncertainty as to the existence of a liability or asset, or represent an obligation in respect of which the settlement is not probable or where the amount cannot be reliably measured and accordingly are not recognised in the statement of financial position. Significant remote contingencies form part of this disclosure.

Disclosure of amounts in the note is neither an admission nor acceptance of responsibility by the ATO in advance of any court decisions or other relevant determinations.

Australian Taxation Office

Notes to and forming part of the financial statements

10: Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the ATO, directly or indirectly. In the 2020-21 year, the ATO had determined the key management personnel to be the Commissioner and members of the ATO Executive.

	2021 \$'000	2020 \$'000
Short-term employee benefits	3,154	3,470
Post-employment benefits	249	266
Other long-term employee benefits	31	156
Total key management personnel remuneration expenses¹	3,434	3,892

The total number of key management personnel that are included in the above table is 8 (2020: 11).

¹ The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the ATO.

11: Related party disclosures

Related party relationships

The ATO is an Australian Government controlled entity. Related parties to the ATO are key management personnel including the ATO Executive, Cabinet Ministers, and other Australian Government entities.

Transactions with related parties

Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services incurred on non-market terms and/or not part of normal business operations;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

No related party transactions require disclosure in 2021.

Australian Taxation Office
Notes to and forming part of the financial statements

12: Current/non-current distinction for assets and liabilities

	2021	2020
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	48,996	36,126
Trade and other receivables	648,008	492,866
Other non-financial assets	56,213	40,849
Total no more than 12 months	753,217	569,841
More than 12 months		
Other receivables	20,854	50,200
Buildings	995,411	1,113,933
Buildings – leasehold improvements	148,177	154,094
Plant and equipment	100,065	46,644
Intangibles - computer software	490,055	501,449
Other non-financial assets	17,875	12,475
Total more than 12 months	1,772,437	1,878,795
Total assets	2,525,654	2,448,636
Liabilities expected to be settled in:		
No more than 12 months		
Employees	42,557	34,359
Suppliers	254,939	284,840
Other payables	4,981	3,453
Leases	222,125	206,764
Employee provisions	187,005	202,961
Other provisions	8,458	9,780
Total no more than 12 months	720,065	742,157
More than 12 months		
Suppliers	29	30
Leases	893,178	966,199
Employee provisions	591,957	549,358
Other provisions	10,587	2,725
Total more than 12 months	1,495,751	1,518,312
Total liabilities	2,215,816	2,260,469

Australian Taxation Office

Notes to and forming part of the financial statements

13: Administered - expenses

	2021	2020
	\$'m	\$'m
Note 13A: Subsidies		
Subsidies in connection with		
JobKeeper	57,042	31,559
Cashflow boost payments for employers	12,340	23,621
Fuel tax credits scheme	7,520	7,343
Research and development tax incentive	3,232	2,232
Australian screen production incentive	337	293
National rental affordability scheme	186	139
Product stewardship for oil	87	99
JobMaker Hiring Credit	17	-
Junior minerals exploration incentive	15	26
Seafarer tax offset	9	9
Total subsidies	80,785	65,321
Note 13B: Personal benefits		
Direct		
Low income superannuation tax offset	608	740
Private health insurance rebate	239	232
Superannuation co-contribution scheme	161	103
Total personal benefits	1,008	1,075

Accounting policy

Administered expenses include subsidies, personal benefits, impairment on taxation receivables, penalty and interest charge remission expenses, interest on overpayments, superannuation guarantee charge and unclaimed superannuation monies interest.

Subsidies, personal benefits and superannuation guarantee charge expenses are recognised when they can be reliably measured. This recognition point relies on estimation methodologies and techniques to determine taxpayer liabilities that have not yet been reported to the ATO. Estimation techniques have inherent risks of error and rely on assumptions such as wage growth, gross domestic product (GDP) and recent historical information. At the reporting date, the amounts disclosed represent a reliable estimate of expenses incurred in the period.

The expense recognition point for each material subsidy and personal benefit expense is noted in the table below.

The impairment of taxation receivables and penalty and interest charge remission expenses include both actual and accrued amounts in accordance with ATO operational policies. See Note 15.

Interest on overpayments represents actual payments of interest in accordance with the *Taxation (Interest on Overpayments and Early Payments) Act 1983*, and, an estimate of future interest charges, where the ATO considers that the probable outcome of tax in dispute at year-end will result in a refund being issued to the taxpayer.

Australian Taxation Office

Notes to and forming part of the financial statements

Administered expense product	Expense recognition point
JobKeeper	JobKeeper expense is a temporary subsidy for eligible employers and business participants that have been significantly affected by coronavirus (COVID-19). The expense is recognised when an entity is eligible to make a claim in arrears for the previous month. This includes amounts processed after year end but in respect of the reporting period.
Cashflow boost payments for employers	Cashflow boost payment expense is a temporary subsidy for businesses and not-for-profit organisations who employ staff during the economic downturn associated with coronavirus (COVID-19). The expense is recognised when entities make eligible payments potentially subject to withholding tax in the reporting period. It also includes an estimate for amounts where the activity statement has not been lodged for the reporting period.
Fuel tax credits scheme	Fuel tax credits scheme expense is a subsidy for the fuel tax component of the price of fuel. The expense includes an estimate of claims not yet received relating to transactions that occurred in the reporting period.
Research and development tax incentive	Research and development (R&D) tax incentive expense is a subsidy for eligible companies incurring research and development expenditure during the reporting period. Companies claim the R&D tax incentive in their tax return as refundable tax offsets which are generally paid in the subsequent reporting periods.
Australian screen production incentive	Australian screen production incentive expense is recognised when film and television production companies receive certificates of eligibility from either Screen Australia or the Ministry for the Arts on qualifying Australian production expenditure during the reporting period.
National rental affordability scheme (ATO expense only)	National rental affordability scheme expense is recognised when participants are eligible to receive incentives from the Secretary of the Department of Social Services (DSS) for the reporting period. Claims paid through the tax system are made on income tax returns.
Product stewardship for oil	Product stewardship for oil (PSO) expense is recognised when a registered client recycles used oil or consumes eligible oil. Claims for PSO are lodged at any time within three years after the start of the claim period.
Junior minerals exploration incentive	Junior minerals exploration incentive expense (JMEI) is recognised when shareholders of mineral exploration companies are provided exploration credits, which is paid as a refundable tax offset.
JobMaker Hiring Credit	The JobMaker Hiring Credit expense is recognised when an entity's employment headcount and payroll increases that gives rise to an eligible claim that covers days in the reporting period.
Low income superannuation tax offset	Low income superannuation tax offset expense is recognised when eligible concessional superannuation contributions are made to superannuation fund accounts of eligible individuals during the reporting period.

Australian Taxation Office

Notes to and forming part of the financial statements

Administered expense product	Expense recognition point
Private health insurance rebate (ATO expense only)	Private health insurance rebate expense is recognised when eligible claimants have paid private health insurance premiums during the reporting period and receive a rebate through the tax system on assessment of their individual tax return.
Superannuation co-contribution scheme	Superannuation co-contribution expense is recognised when individuals make eligible personal superannuation contributions during the reporting period.

14: Administered - income

	2021 \$'m	2020 \$'m
Note 14A: Income tax		
Individuals and others withholding tax	235,747	229,731
Companies	98,998	87,036
Superannuation funds	13,037	6,621
Fringe benefits tax	3,501	3,939
Resources rent tax	897	921
Total income tax	352,180	328,248
Note 14B: Indirect tax		
Goods and services tax	74,480	65,288
Excise duty	24,503	23,116
Wine equalisation tax	1,101	1,040
Luxury car tax	900	632
Total indirect tax	100,984	90,076
Note 14C: Other taxes		
Major bank levy	1,572	1,639
Superannuation guarantee charge	1,683	1,034
Self managed superannuation fund levy	139	141
Other	107	123
Total other taxes	3,501	2,937
Note 14D: Non-taxation revenue		
Unclaimed superannuation monies	802	1,120
Voluntary repayment of JobKeeper	193	-
Fines	53	48
Other	87	14
Total non-taxation revenue	1,135	1,182

Australian Taxation Office

Notes to and forming part of the financial statements

Accounting policy

The ATO recognises revenue when, and only when, the following three conditions have been satisfied:

1. there is a basis establishing the ATO's right to receive the revenue;
2. it is probable that future economic benefits will be received by the ATO; and
3. the amount of revenue to be received can be reliably measured.

Estimating some revenues can be difficult due to impacts of economic conditions and timing of final taxable income, hence the ATO uses two bases of recognition:

1. Economic transaction method (ETM)

Revenue is recognised when the ATO, through the application of legislation to taxation and other relevant activities, gains control over the future economic benefits that arise from taxes and other statutory charges.

Where a taxation revenue type is able to be measured reliably, including transactions that are yet to occur but are likely to be reported, the ETM is applied.

Estimation techniques have inherent risks of error and rely on assumptions such as wage growth, gross domestic product (GDP) and recent historical information. Based on the information and evidence available at the date of these financial statements, the amounts disclosed represent a reliable estimate of revenue.

2. Taxation liability method (TLM)

Revenue is recognised at the earlier of when an assessment of a tax or superannuation liability is made, or payment is received by the ATO. Further, revenue is recognised when there is sufficient information to raise an assessment but an event has occurred which delays the issue of the assessment. This method is permitted under AASB 1058 *Income of Not-for-Profit Entities* in circumstances when there is an inability to reliably measure taxes when the underlying transactions or events occur. Revenue recognised under the TLM basis is generally measured at a later time than would be the case if it were measured under ETM.

In accordance with the revenue recognition approach adopted by the Australian Government, the ATO applies the ETM and TLM approaches as set out in the following tables.

Revenue types recognised on an ETM basis

Type of taxation and superannuation revenue	Nature of revenue type
Fringe benefits tax	Fringe benefits tax (FBT) is recognised on fringe benefits provided by employers to employees during the reporting period and includes an estimate of outstanding instalments and balancing payments for the annual FBT return.
Petroleum resource rent tax	Petroleum resource rent tax is recognised based on actual taxable profits for the year in respect of offshore petroleum projects excluding some of the North-West Shelf production and associated exploration areas, which are subject to excise and royalties.
Goods and services tax	The goods and services tax (GST) is a broad-based tax of 10 per cent on most goods and services supplied or sold during the reporting period. GST revenue includes actual liabilities raised during the year and an estimate of amounts outstanding that relate to transactions occurring in the reporting period.
Excise duty	Excise duty is recognised based on the actual and estimated duty payable to the Government. Excise duty becomes payable when certain goods are distributed for home consumption during the reporting period.
Wine equalisation tax	The wine equalisation tax revenue is recognised when an assessable dealing occurs within the reporting period giving rise to a tax liability and an estimate of amounts outstanding that related to transactions occurring in the reporting period.

Australian Taxation Office

Notes to and forming part of the financial statements

Type of taxation and superannuation revenue	Nature of revenue type
Luxury car tax	The luxury car tax revenue is recognised at the time the sale (or private import) of a luxury vehicle occurs within the reporting period and an estimate of amounts outstanding that relate to transactions occurring in the reporting period.
Major bank levy	Major bank levy is a levy calculated within the reporting period on authorised deposit-taking institutions with a total liability threshold of greater than \$100 billion.
Unclaimed superannuation monies	Revenue is recognised based on the annual amount of unclaimed superannuation received by the ATO less an estimate of future outflows relating to the annual amount received when account owners initiate a claim or the account owner is identified. Revenue in relation to inactive low balance accounts, closure of eligible rollover fund accounts and trustee voluntary payments will be recognised on a TLM basis as the amount of the payments cannot be reliably measured.
Self managed superannuation fund levy	A self-managed superannuation fund (SMSF) is obligated to pay the SMSF levy when the SMSF (registered and active) exists at any time through the income year.

Revenue types recognised on a TLM basis

Type of taxation and superannuation revenue	Nature of revenue type
Income tax - individuals	<p>Individuals income tax includes income tax withholding, other individuals, Medicare levy, and income tax refunds.</p> <p>Income tax withholding represents amounts withheld from remuneration paid during the year. Other individuals includes income tax instalments for the year and prior year final tax returns received by the ATO during the year. Income tax refunds are made where tax credits exceed the final liability on assessment. Refunds include prior year refunds made or assessed during the year.</p> <p>Individuals income tax does not include estimates of revenue or refunds related to the current taxation year that will be recognised in tax returns lodged after the end of the current financial year.</p>
Income tax - companies	<p>Company income tax includes company tax payable that relates to income tax instalments and final payments received/raised for the current and prior reporting periods.</p> <p>It does not include estimates of revenue related to the current taxation year that will be recognised in tax returns lodged after the end of the current financial year.</p>
Income tax - superannuation funds	<p>Superannuation income tax includes amounts payable by superannuation funds that relate to income tax instalments and final payments for the current and prior reporting periods. Superannuation funds income tax is levied on earnings and taxable contributions.</p> <p>It does not include estimates of revenue related to the current taxation year that will be recognised in tax returns lodged after the end of the current financial year.</p>

Australian Taxation Office

Notes to and forming part of the financial statements

Revenue types recognised on a TLM basis

Type of taxation and superannuation revenue	Nature of revenue type
Superannuation guarantee charge	Superannuation guarantee charge is a charge on employers that have not paid the compulsory superannuation guarantee for their employees. The ATO assesses and collects the guarantee, interest owing and an administrative fee.
Voluntary repayment of JobKeeper	Voluntary repayment of Jobkeeper payments satisfy the recognition criteria of revenue upon receipt into the consolidated revenue fund. The payments are recognised in the financial statements as non-taxation revenue.

Accounting policy

Allowance for credit amendments and provisions for refunds

Taxpayers are entitled to dispute taxation amounts assessed by the ATO. Where the ATO considers that the probable outcome will be a reduction in the amount of tax owed by a taxpayer, an allowance for credit amendment (if the disputed debt is unpaid) or a provision for refund (if the disputed debt has been paid) will be recognised.

The allowance for credit amendments and provisions for refunds are recognised as a reduction in revenue.

For disputes less than \$10 million, these estimates are calculated using an automated model. The model uses historical trends to calculate probable reductions.

Disputes greater than \$10 million are manually assessed. Where there is insufficient certainty to make a manual assessment a statistical model is used to estimate the value.

Penalties and interest charges

Penalties and interest arising under taxation legislation are recognised as revenue at the time the penalty or interest is imposed on the taxpayer. Generally, subsequent remissions and write-offs of such penalties and interest are treated as an expense of the period. Penalties and interest that are imposed by law and immediately remitted by the Commissioner are not recognised as revenue or as an expense. Additional interest is raised for the period between the last imposition and the end of the financial year to recognise amounts not yet recorded on taxpayer accounts.

Settlements

A settlement involves an agreement between the ATO and the taxpayer to resolve matters in dispute where one or more parties make concessions on what they consider is the legally correct position. Where this results in a reduction of the amounts payable by the taxpayer, the reductions for the assessment and any associated penalties and interest charges, excluding failure to lodge penalties, are recognised as a reduction in revenue.

Pay as you go (PAYG) system

The ATO collects compulsory repayment amounts of accumulated HELP and other income contingent loan (ICL) debts through the PAYG tax system. The repayment of ICL debts reduces the loan that a person owes to the Commonwealth.

An adjustment is made to Individuals income tax revenue for the compulsory repayment of ICL debts as the collection of these amounts through the PAYG tax system does not represent revenue for the ATO and the compulsory repayments figure can be reliably estimated.

Australian Taxation Office

Notes to and forming part of the financial statements

15: Administered - non-financial assets

	2021	2020
	\$'m	\$'m
Note 15A: Receivables		
Direct tax		
Individuals	31,265	29,854
Company	14,282	12,829
Superannuation	618	537
Resources rent tax	156	211
Fringe benefits tax	137	197
Total direct tax	46,458	43,628
Indirect tax		
Goods and services tax	12,241	13,314
Excise duty	154	182
Wine equalisation tax	65	100
Luxury car tax	34	81
Total indirect tax	12,494	13,677
Other tax		
Superannuation guarantee charge	2,952	2,453
Self managed superannuation fund levy	69	59
Other	64	39
Total other tax	3,085	2,551
Non-taxation		
Fines	243	236
JobKeeper receivables ¹	121	-
Unclaimed superannuation monies	8	1
Foreign investment review board infringements	5	4
Total non-taxation	377	241
Total receivables (gross)	62,414	60,097
Less: Impairment allowance	(26,515)	(20,831)
Allowance for credit amendments	(5,934)	(4,256)
Total receivables (net)	29,965	35,010
Note 15B: Accrued revenue		
Direct tax		
Fringe benefit tax	901	956
Resources rent tax	310	154
Total direct tax	1,211	1,110
Indirect tax		
Goods and services tax	11,654	9,780
Excise duty	318	252
Wine equalisation tax	105	93
Luxury car tax	104	71
Total indirect tax	12,181	10,196
Other revenue		
Major bank levy	374	421
Unclaimed superannuation monies	397	525
Self managed superannuation fund levy	44	50
Total other revenue	815	996
Total accrued revenue	14,207	12,302

¹JobKeeper receivables relate to overpaid JobKeeper payments yet to be recovered.

Australian Taxation Office

Notes to and forming part of the financial statements

Accounting policy

Cash

Cash is carried at net fair value and is a financial instrument.

Receivables

ATO receivables are non-financial assets recoverable under law.

Collectability of receivables is reviewed on an ongoing basis. Where estimation is used, it represents the best estimate as at the reporting date, however inherent risks and uncertainties exist in the estimation process.

Debts which are irrecoverable at law or uneconomic to pursue are written off. However this does not preclude the Commissioner from re-raising these debts if information subsequently becomes available which indicates that recoverability action may be viable.

Parallel liabilities

Where a company fails to remit withholding tax, GST or superannuation guarantee amounts, the Commissioner is authorised to serve notices requiring payment of estimated and outstanding amounts on the company and all associated Directors. These are called parallel liabilities and are not included in receivables or revenue. Similarly, duplications arising from debts raised under alternative provisions of the law are excluded.

Impairment on taxation receivables

An impairment allowance is created when there is evidence that the ATO will not be able to collect all of the amounts due.

A threshold is applied to determine whether the impairment allowance is calculated manually or using a statistical model.

Assessment of the collectability of receivables includes consideration of a taxpayer's compliance and lodgement history, the existence of a dispute over a receivable, the taxpayer's capacity to pay, and management judgement.

Impairment losses are recognised as an administered expense.

Administered receivables are not financial instruments as they arise from statutory charges. The impairment of statutory receivables is made under AASB 136 *Impairment of Assets*.

An impairment allowance is estimated using historical data and is informed by expert advice. In 2020-21, total administered receivables remain higher than prior years as a result of the continued effects of COVID. This has resulted in continued heightened uncertainty surrounding the expected value and timing of repayments of administered receivables.

During 2020-21 the ATO made several updates to the model for estimating the impairment on small debts. These changes were made to better incorporate emerging trends and patterns, enhance alignment with business practices and strengthen review and monitoring steps. The effect of this change in accounting estimate at 30 June 2021 is an increase to the impairment allowance of \$4,673 million and a corresponding increase to the impairment of receivables expense. It is impracticable to estimate the effect of this change on future reporting periods.

Structural shifts in repayment behaviour could cause material future changes to the impairment allowance and will continue to be monitored using the revised model.

Allowance for credit amendments

Recognised in relation to disputed assessments in accordance with Note 14.

Accrued revenues

Accrued revenues include revenue estimates made on an ETM basis and interest charges in accordance with Note 14.

Other securities

In some instances, the ATO will enter into an agreement with a taxpayer to hold a security over a tax debt. These securities are not recorded in the financial statements as assets because the primary cash generating asset is the debt rather than the security over the debt.

**Australian Taxation Office
Notes to and forming part of the financial statements**

16: Administered – provisions

Note 16: Reconciliation of movement in other provisions

	Subsidies	Personal benefits	Other accrued expenses	Income taxation refunds	Indirect taxation refunds	Super-annuation guarantee payments	Unclaimed super-annuation payments	Other refunds	Interest on over-payment of taxes	Total
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
As at 1 July 2020	23,231	1,167	37	1,610	278	778	506	23	19	27,649
Additional provisions made	4,120	1,046	18	1,362	165	1,329	570	15	11	8,636
Amounts used	(24,276)	(1,017)	(36)	(1,243)	(184)	(945)	(479)	(23)	(19)	(28,222)
Amounts reversed or remeasured	1,352	(46)	9	157	(43)	(466)	178	-	-	1,141
Total as at 30 June 2021	4,427	1,150	28	1,886	216	696	775	15	11	9,204

Australian Taxation Office Notes to and forming part of the financial statements

17: Administered - contingent liabilities

	Tax in dispute		Other		Total	
	2021	2020	2021	2020	2021	2020
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Contingent liabilities						
Balance from previous period	4,955	5,438	-	-	4,955	5,438
New contingent liabilities recognised	1,150	1,191	221	-	1,371	1,191
Re-measurement	229	(52)	-	-	229	(52)
Obligations expired	(765)	(1,622)	-	-	(765)	(1,622)
Total contingent liabilities	5,569	4,955	221	-	5,790	4,955

Quantifiable administered contingencies

At any point in time, the ATO is involved in a range of dispute resolution processes, including litigation, relating to tax disputes. Details of the outcome of dispute resolution processes are uncertain until a court ruling is made and/or an agreement is reached with the taxpayer at some future date. In most cases it is not possible to estimate with any reliability the likely financial impact of current disputes.

The ATO is designing system functionality to automatically identify, calculate and pay interest on early payment entitlements to taxpayers. If successfully deployed, the ATO may expand the system build to include payment of historical amounts which would be completed no earlier than December 2022. The success of the expanded system build is dependent on several risks and uncertainties that gives rise to a less than probable but more than remote possibility of economic outflows. As at 30 June 2021, historical entitlements are estimated to be \$221m.

Unquantifiable administered contingencies

In some cases, the decision in relation to the cases above will be precedential. No estimate is able to be made as to whether contingent liabilities exist with respect to other taxpayers who may be impacted as a result of the decision. As a result, in most cases it is not possible to estimate with any reliability the likely financial impact of current disputes to other taxpayers who may be impacted by a decision. The ATO acknowledges that the incidence of tax evasion and other breaches of the taxation laws, unavoidably affect its fiduciary responsibilities to the Australian Government.

Accounting policy

The amount disclosed as a quantifiable administered contingent liability represents the total tax in dispute for cases assessed on an individual basis where an allowance or provision has not been made.

These amounts represent the disputes for which the ATO has assessed that there is a possible, but not probable, reduction to the amount of tax payable. The future financial impact will likely be lower than the total disclosed as a proportion of these cases will be decided in favour of the Commissioner.

Refer to Note 14 for the accounting policy on allowance for credit amendments and provisions for refunds.

Australian Taxation Office

Notes to and forming part of the financial statements

18: Administered - current/non-current distinction for assets and liabilities

	2021	2020
	\$'m	\$'m
Note 18: Administered current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	468	546
Receivables	16,205	22,562
Accrued revenues	13,499	11,725
Total no more than 12 months	30,172	34,833
More than 12 months		
Receivables	13,760	12,448
Accrued revenues	708	577
Total more than 12 months	14,468	13,025
Total assets	44,640	47,858
Liabilities expected to be settled in:		
No more than 12 months		
Payables		
Subsidies	363	447
Personal benefits	11	9
Superannuation guarantee charge	62	43
Taxation refunds due	1,196	1,216
Superannuation holding account	19	26
Other payables	3	2
Provisions		
Subsidies	4,212	22,928
Personal benefits	1,032	1,037
Other accrued expenses	10	10
Income taxation refunds	1,886	1,610
Indirect taxation refunds	216	278
Superannuation guarantee payments	696	778
Unclaimed superannuation payments	469	177
Other refunds	15	23
Interest on overpayment of taxes	11	19
Total no more than 12 months	10,201	28,603
More than 12 months		
Payables		
Superannuation holding account	57	50
Provisions		
Subsidies	215	303
Personal benefits	118	130
Other accrued expenses	18	27
Unclaimed superannuation payments	306	329
Total more than 12 months	714	839
Total liabilities	10,915	29,442

**Australian Taxation Office
Notes to and forming part of the financial statements**

19: Appropriations

Note 19A: Annual appropriations

Annual appropriations for 2021

	Annual appropriation	Adjustments to appropriation ²	Total appropriation	Appropriation applied in 2021 (current and prior years)	Variance ³
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services ¹	3,885,177	136,953	4,022,130	(4,168,444)	(146,314)
Capital budget ⁴	118,644	-	118,644	(93,494)	25,150
Other services					
Equity ⁵	126,249	-	126,249	(55,407)	70,842
Total departmental	4,130,070	136,953	4,267,023	(4,317,345)	(50,322)

Administered					
Ordinary annual services ¹	7,915	-	7,915	(41)	7,874
Administered items					
Total administered	7,915	-	7,915	(41)	7,874

¹ Ordinary annual services annual appropriation consists of \$19,766,000 transferred to ACNC special account, \$8,854,000 withheld from the Supply Act (No.1) 2020-21 and \$48,655,000 withheld from the Annual Appropriation Act (No.1) 2020-21 through a section 51 withholding of the PGPA Act.

Annual Appropriation for Administered consists of \$7,915,000 for 2020-21.

² Adjustments represent PGPA Act section 74 receipts totalling \$132,809,594 and \$4,143,356 transferred from the Australian Securities and Investments Commission (ASIC) under PGPA Act Section 75 transfer.

³ The variance in the departmental expenses is due to accrued expenses from prior year being drawn down in the current year from operating and unspent appropriation from departmental capital budget and equity funding.

Administered variance is due to unspent annual appropriation for the year of \$7,874,086.

⁴ Departmental capital budgets are appropriated under Appropriation Acts (No.1, 3, 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. The annual appropriation consists of \$958,000 withheld from the Supply Act (No. 1) 2020-21 through a section 51 withholding of the PGPA Act.

⁵ Equity annual appropriation consists of \$26,193,000 withheld from the Annual Appropriation Act (No.2) 2020-21 through a section 51 withholding of the PGPA Act.

Australian Taxation Office Notes to and forming part of the financial statements

Annual appropriations for 2020

	Annual appropriation	Adjustments to appropriation ²	Total appropriation	Appropriation applied in 2020 (current and prior years)	Variance ³
	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental					
Ordinary annual services ¹	3,474,979	151,097	3,626,076	(3,671,619)	(45,543)
Capital budget ⁴	117,737	-	117,737	(95,305)	22,432
Other services					
Equity ⁵	76,607	-	76,607	(37,193)	39,414
Total departmental	3,669,323	151,097	3,820,420	(3,804,117)	16,303
Administered					
Ordinary annual services ¹	7,848	-	7,848	(2,769)	5,079
Administered items					
Total administered	7,848	-	7,848	(2,769)	5,079

¹ Ordinary annual services annual appropriation consists of \$13,718,000 withheld from the Annual Appropriation Act (No.1) 2019-20 through a section 51 withholding of the PGPA Act & \$16,059,000 transferred to ACNC special account.

Annual Appropriation for Administered consists of \$7,848,000 for 2019-20.

² Adjustments represent PGPA Act section 74 receipts.

³ The variance in the departmental expenses is due to accrued expenses from prior year being drawn down in the current year from operating and unspent appropriation from departmental capital budget and equity funding.

Administered variance is due to:

- unspent annual appropriation for the year of \$5,186,665.86

- less: accrued campaign expenses of \$107,625.51 from the prior year drawn down in the current year.

⁴ Departmental capital budgets are appropriated under Appropriation Acts (No.1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

⁵ Equity annual appropriation consists of \$1,989,000 withheld from the Annual Appropriation Act (No.2) 2019-20 through a section 51 withholding of the PGPA Act.

Australian Taxation Office

Notes to and forming part of the financial statements

Note 19B: Unspent annual appropriations

	2021	2020
	\$'000	\$'000
Departmental		
Appropriation Act (No.2) 2017-18	-	1,156
Appropriation Act (No.2) 2018-19 ¹	1,129	2,151
Appropriation Act (No.3) 2018-19	-	4,646
Supply Act (No.1) 2019-20-DCB	-	350
Supply Act (No.2) 2019-20	2,198	2,228
Appropriation Act (No.1) 2019-20 ^{2,3}	5,048	306,320
Appropriation Act (No.1) 2019-20 - DCB	-	62,751
Appropriation Act (No.2) 2019-20 ⁴	9,590	9,632
Appropriation Act (No.3) 2019-20	-	42,732
Appropriation Act (No.4) 2019-20	17,208	29,434
Appropriation Act (No.1) 2019-20 - Cash	-	30,685
Supply Act (No.1) 2020-21 ⁵	78,338	-
Supply Act (No.1) 2020-21 - DCB ⁶	87,290	-
Supply Act (No.2) 2020-21	3,868	-
Appropriation Act (No.1) 2020-21 ⁷	383,925	-
Appropriation Act (No.1) 2020-21 - DCB	958	-
Appropriation Act (No.2) 2020-21 ⁸	80,298	-
Appropriation Act (No.1) 2020-21 - Cash	38,083	-
Total unspent departmental appropriations	707,933	492,085
Administered		
Appropriation Act (No.1) 2017-18 ⁹	-	5,046
Appropriation Act (No.1) 2018-19 ¹⁰	4,794	4,794
Appropriation Act (No.1) 2019-20	2,621	2,622
Appropriation Act (No.3) 2019-20 ¹¹	2,469	2,469
Supply Act (No.1) 2019-20	96	96
Appropriation Act (No.1) 2020-21	7,445	-
Supply Act (No.1) 2020-21	429	-
Total unspent administered appropriations	17,854	15,027

¹ \$850,000 reduced through a section 51 determination, and \$279,075 that will automatically lapse from 1 July 2021.

² \$5,048,475.69 increase in 2021 due to transfer from the Australian Securities and Investments Commission (ASIC) under PGPA Act Section 75 transfer.

³ In 2020, \$13,718,000 reduction through section 51 determination. Comparative has been restated from prior year (\$292,602,000) to include this withheld amount which was disclosed in footnote but not included in the unspent balance in error.

⁴ \$1,989,000 reduced through a section 51 determination in June 2020, and \$4,036,000 reduced through a section 51 determination in June 2021.

⁵ \$8,854,000 is permanently withheld through a section 51 determination.

⁶ \$958,000 is permanently withheld through a section 51 determination.

⁷ \$48,655,000 is permanently withheld through a section 51 determination and \$4,143,356.36 increased due to transfer from the Australian Securities and Investments Commission (ASIC) under PGPA Act Section 75 transfer.

⁸ \$26,193,000 is permanently withheld through a section 51 determination.

⁹ \$5,045,716 removed through 2017-18 Annual Appropriation Acts repeal at the start of 1 July 2020.

¹⁰ \$4,278,000 reduced through a section 51 determination, and \$515,784 that will automatically lapse from 1 July 2021.

¹¹ \$2,469,000 reduced through a section 51 determination.

Australian Taxation Office

Notes to and forming part of the financial statements

Note 19C: Special appropriations

	Appropriation applied 2021	Appropriation applied 2020
Authority	\$'000	\$'000
Taxation Administration Act 1953 - section 16 ¹	203,531,860	160,515,052
Product Grants and Benefits Administration Act 2000 - section 55	94,923	90,832
Superannuation Guarantee (Administration) Act 1992 - section 71	942,396	633,759
Small Superannuation Accounts Act 1995 - section 76(9)	268	176
Public Governance, Performance and Accountability Act 2013 - section 77	93,965	100,355
Total	204,663,412	161,340,174

¹ The Department of Home Affairs made payments of \$21,152,176 (2020: \$197,642,621) from the Consolidated Revenue Fund on behalf of the ATO.

Accounting policy

Appropriations provide a legislative basis to issue refunds. The amounts disclosed above represent the actual refunds paid by appropriation source for the financial year.

Australian Taxation Office

Notes to and forming part of the financial statements

Note 19D: Compliance with statutory conditions for payments from the consolidated revenue fund

For amounts to be paid out of the Consolidated Revenue Fund in accordance with section 83 of the Constitution there must be an appropriation made by law.

Amounts are sometimes paid to taxpayers in the absence of an appropriation contrary to section 83. While there are controls in place to prevent this from happening, it is impossible to fully remove the risk of such payments being made due to the nature of some transactions.

The table below records payments identified in the year ending 30 June 2021 that were made without an appropriation.

The payments identified include business activity statement (BAS) refunds paid between 1 July 2000 and 29 June 2012 under the ATO's historical practice of revising a taxpayer's BAS to amend net amounts and net fuel amounts without issuing an assessment.¹ The decision of the High Court in *Commissioner of Taxation v Travelex Limited* [2021] HCA 8, which was handed down on 10 March 2021, has determined that the ATO's BAS revision practice had no legal effect. The underlying correctness of the amounts refunded is not in question. The issue is a technical one that due to the ATO's historical practice such amounts were refunded without the support of an assessment.

Appropriations identified as subject to conditions	Value of payments \$	Financial years	Review complete	Breaches identified #	Amount recovered \$	Amount to be recovered \$	Remedial action taken
Small Business Superannuation Clearing House (SBSCH) Special Account	61,655.63	2020-21	Yes	68	39,196.65	22,458.98	Control
Small Business Superannuation Clearing House (SBSCH) Special Account	92,431.23	2017-18 to 2019-20	Yes	134	42,737.41	49,693.82	Control
Services for Other Entities and Trust Moneys Special Account (SOETM)	71.53	2020-21	Yes	1	71.53	-	Control
BAS Refunds	7,662,472,544.13	2000-01 to 2011-12	Yes	1,161,555	-	-	Control
TOTAL	7,662,626,702.52			1,161,758	82,005.59	72,152.80	

The ATO performs annual risk assessments to mitigate risks of making payments contrary to section 83.

¹ Section 15C of the Taxation Administration Act 1953 commenced on 29 June 2012 and provides appropriation for such refunds paid on or after that date.

Australian Taxation Office Notes to and forming part of the financial statements

20: Special accounts

	Australian Charities and Not-for-profits Commission Special Account ¹		Services for Other Entities and Trust Moneys Special Account - Australian Taxation Office (Comcare receipts) ²	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Balance brought forward from previous period	5,441	4,246	-	-
Increases	20,699	16,338	8	42
Decreases	(15,227)	(15,143)	(8)	(42)
Total balance carried to the next period	10,913	5,441	-	-
Balance represented by:				
Cash held in entity bank accounts	885	1,679	-	-
Cash held in the official public account	10,028	3,762	-	-
Total balance carried to the next period	10,913	5,441	-	-

¹ The Australian Charities and Not-for-profits Commission Special Account

Establishing authority: *Public Governance, Performance and Accountability Act 2013* - section 80.

Establishing instrument: *Australian Charities and Not-for-profits Commission Act 2012* - section 125-5.

Purpose:

- (a) paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the Commissioner's functions;
- (b) paying any remuneration and allowances payable to any person under this Act (including staff mentioned in section 120-5); and
- (c) meeting the expenses of administering the Account.

The ACNC Commissioner's functions:

- (a) the general administration of this Act;
- (b) carry out activities that assist registered entities in complying with and understanding this Act, by providing them with guidance and education; and
- (c) assisting the public in understanding the work of the not-for-profit sector, in order to improve the transparency and accountability of the sector, by giving the public relevant information on the ACNC website.

² Services for Other Entities and Trust Moneys Special Account - Australian Taxation Office (Comcare receipts)

Establishing authority: *Public Governance, Performance and Accountability Act 2013* - section 78.

Establishing instrument: *Financial Management and Accountability Determination 2012/15 - SOETM Special Account - ATO*.

Purpose: for the receipt of moneys temporarily held in trust for other persons.

Increases represent receipts from Comcare in respect of Workers' Compensation payments for ATO employees with injuries prior to 1 July 2006. Decreases represent reimbursements to ATO of payments made in advance by ATO to employees.

Accounting policy

Workers' compensation is insured through the Government's Comcare scheme, an integrated safety, rehabilitation and compensation system. The ATO continues to pay incapacitated employees and then receives reimbursement from Comcare.

Amendments to the *Safety, Rehabilitation and Compensation Act 1988* commencing 1 July 2006 provides for reimbursements directly to employers. Receipts from Comcare for payments made to the employee for injuries occurring after 1 July 2006 are treated as receipts under section 74 of the PGPA Act.

Receipts from Comcare for injuries prior to 1 July 2006 are credited to the Service for Other Entities Trust Moneys (SOETM) Special Account and held in the ATO's official bank account until the employee gives written consent for the ATO to offset these amounts against payments made to the employee.

Australian Taxation Office

Notes to and forming part of the financial statements

	Superannuation Holding Accounts Special Account ¹		Services for Other Entities and Trust Moneys Special Account - Australian Taxation Office ²		Superannuation Clearing House Special Account ³		Superannuation Clearing House Special Account 2020 ⁴	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	75,657	84,430	2,346	2,291	214,671	212,650	-	-
Increases	18,382	17,410	2,936	1,330	684,660	4,382,828	3,928,646	-
Decreases	(18,132)	(26,183)	(2,980)	(1,275)	(899,331)	(4,380,807)	(3,723,579)	-
Total balance carried to the next period	75,907	75,657	2,302	2,346	-	214,671	205,067	-
Balance represented by:								
Cash held in entity bank accounts	4	4	-	-	-	37,664	44,281	-
Cash held in the Official Public Account	75,903	75,653	2,302	2,346	-	177,007	160,786	-
Total balance carried to the next period	75,907	75,657	2,302	2,346	-	214,671	205,067	-

¹ Superannuation Holding Accounts Special Account

Establishing instrument: *Small Superannuation Accounts Act 1995* - section 8.

Establishing authority: *Public Governance, Performance and Accountability Act 2013* - section 80.

Purpose: for the receipt of small superannuation contributions from depositors and distribution to individuals.

² Services for Other Entities and Trust Moneys Special Account - Australian Taxation Office

Establishing instrument: *Financial Management and Accountability Determination 2012/15 - SOETM Special Account - ATO*.

Establishing authority: *Public Governance, Performance and Accountability Act 2013* - section 78.

Purpose: for the receipt of moneys temporarily held in trust for other persons.

The full closing balance of the Special Account is held in trust for both the current and comparative years.

³ Superannuation Clearing House Special Account

Establishing instrument: *Financial Management and Accountability 2010/05 - Superannuation Clearing House Special Account Establishment 2010*

Establishing authority: *Public Governance, Performance and Accountability Act 2013* - section 78.

The full closing balance of the Special Account is held in trust for both the current and comparative years.

The Special Account was automatically repealed ("sunsetted") on 2 September 2020. This Superannuation Clearing House Special Account 2020 was established to continue the purpose of the Special Account. Refer to the purpose of the new Special Account below.

⁴ Superannuation Clearing House Special Account 2020

Establishing instrument: *PGPA Act Determination (Superannuation Clearing House Special Account 2020)*

Establishing authority: *Public Governance, Performance and Accountability Act 2013* - section 78.

The full closing balance of the Special Account is held in trust for both the current and comparative years.

The Special Account was established on 2 September 2020.

The purpose of the Superannuation Clearing House Special Account is to:

- make payments on behalf of small business employers to superannuation funds, retirement savings accounts and superannuation schemes;
- to repay to an original payer amounts credited to the Special Account, including the residual after any necessary payments are made for the purpose mentioned in paragraph (a);
- reduce the balance of the Special Account (and, therefore, the available appropriation for the Special Account) without making a real or notional payment; and
- repay amounts where a court order, Act or other law requires or permits the repayment of an amount received.

Australian Taxation Office Notes to and forming part of the financial statements

21: Regulatory charging summary

Note 21A: Receipts subject to cost recovery policy	2021	2020
	\$m	\$m
Amounts applied		
Departmental		
Annual appropriations	52	53
Total amounts applied	52	53
Expenses		
Departmental	52	53
Total expenses	52	53
Revenue		
Administered	16	13
Total revenue	16	13

The cost recovery information included in this note is in relation to Financial Industry Supervisory Levies (FISL), Excise Equivalent Goods (EEG) warehouse licences and Tax Practitioners' Board (TPB) application fees.

Revenue collected by the FISL by the Australian Prudential and Regulation Authority from the superannuation industry includes a component to cover the expenses of the ATO in administering the Superannuation Lost Member Register, Unclaimed Superannuation Money frameworks, Compassionate Release of Super and the implementation of the SuperStream initiative.

The EEG information relates to warehouse licence applications and renewals issued by the ATO under delegation with the Department of Home Affairs. It also covers the compliance activities associated with the granting of warehouse licences. This is in accordance with the *Customs Act 1901*.

The TPB applications fees are for processing tax practitioner registration and renewal applications.

A copy of the Cost Recovery Implementation Statement for FISL is available at

<https://www.apra.gov.au/sites/default/files/2021-06/Cost%20Recovery%20Implementation%20Statement%20Prudential%20regulation%20of%20financial%20institutions%202021-22.pdf>

A copy of the Cost Recovery Implementation Statement for Cargo and Trade related activities is available from the Department of Home Affairs.

A copy of the initial Cost Recovery Implementation Statement for TPB application fees is available at

https://www.tpb.gov.au/sites/default/files/tpb_cost_recovery_implementation_statement.pdf.

Australian Taxation Office Notes to and forming part of the financial statements

22: Departmental restructuring

Under the Modernising Business Registers (MBR) Program, the Government decided to establish a new whole of government registry platform, the Australian Business Registry Services (ABRS). As part of the MBR Program the Commission of Taxation was appointed as the Commonwealth Registrar of the ABRS. In 2020-21 the ATO assumed responsibility for certain registry staff and services from the Australian Securities and Investments Commission effective 15 April 2021.

Note 22: Departmental restructuring

	Modernising Business Registers
	Australian Securities and Investments Commission
	\$'000
Assets recognised	
Appropriation receivable	9,192
Prepayments	42
Buildings	15,339
Buildings - leasehold improvements	2,518
Property, plant and equipment	27
Total assets recognised	27,118
Liabilities recognised	
Employee provisions	5,090
Leases	16,006
Other provisions	120
Total liabilities recognised	21,216
Net assets assumed	5,902
Income	
Recognised by the receiving entity	4,143
Recognised by the losing entity	18,134
Total income assumed	22,277
Expenses	
Recognised by the receiving entity	4,321
Recognised by the losing entity	18,134
Total expenses assumed	22,455

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Appendix 1: Laws conferring powers on the Commissioner

The Commissioner of Taxation has responsibilities under a wide range of laws. The main tax and superannuation laws conferring powers or functions on the Commissioner in 2020–21 are:

- *A New Tax System (Australian Business Number) Act 1999*
- *A New Tax System (Goods and Services Tax) Act 1999*
- *A New Tax System (Luxury Car Tax) Act 1999*
- *A New Tax System (Wine Equalisation Tax) Act 1999*
- *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020*
- *Commonwealth Places Windfall Tax (Collection) Act 1998*
- *Commonwealth Registers Act 2020*
- *Coronavirus Economic Response Package (Payments and Benefits) Act 2020*
- *Excise Act 1901*
- *Excise Tariff Act 1921*
- *Foreign Acquisitions and Takeovers Act 1975*
- *Fringe Benefits Tax Assessment Act 1986*
- *Fuel Tax Act 2006*
- *Higher Education Support Act 2003*
- *Income Tax Assessment Act 1936*
- *Income Tax Assessment Act 1997*
- *International Tax Agreements Act 1953*
- *Petroleum Resource Rent Tax Assessment Act 1987*
- *Product Grants and Benefits Administration Act 2000*
- *Product Stewardship (Oil) Act 2000*
- *Register of Foreign Ownership of Water or Agricultural Land Act 2015*
- *Small Superannuation Accounts Act 1995*
- *Superannuation Contributions Tax (Assessment and Collection) Act 1997*
- *Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Assessment and Collection Act 1997*
- *Superannuation (Government Co-contribution for Low Income Earners) Act 2003*
- *Superannuation Guarantee (Administration) Act 1992*
- *Superannuation Industry (Supervision) Act 1993*
- *Superannuation (Self-managed Superannuation Funds) Taxation Act 1987*
- *Superannuation (Unclaimed Money and Lost Members) Act 1999*
- *Taxation Administration Act 1953*
- *Taxation (Interest on Overpayments and Early Payments) Act 1983*
- *Trust Recoupment Tax Assessment Act 1985.*

Appendix 2: Taxpayers' Charter – our performance

The Taxpayers' Charter outlines clients' rights and obligations. It explains what clients can expect from us in administering the tax and superannuation systems. We are committed to following it in all our dealings. The following table shows how we performed against the commitments we make in our Taxpayers' Charter, as measured by our Client and Community Confidence survey results and other data we hold.

Our performance against the Taxpayers' Charter in 2020–21 can be considered satisfactory, with a slight improvement in client and community perceptions when compared to 2019–20. The results below are components of the ATO's client and community confidence index, which was 68/100 for 2020–21. For more information see page 38.

TABLE 6.1 Our performance against the Taxpayers' Charter, 2020–21

Charter element	How we measure this element ^(a)	2020–21 result ^(b)
Fair and reasonable: We treat you fairly and reasonably	Trustworthy: The ATO makes unbiased decisions.	69/100
Honest: We treat you as being honest unless you act otherwise	The ATO administers a self-assessment tax and superannuation system, adopting a risk-based approach to undertaking compliance activities. We treat taxpayers as being honest by default, and look more deeply where risk indicators are flagged. We look at the balance between self-assessment and compliance.	97% of total net tax collections arose through voluntary compliance 3% of total net tax collections arose through our compliance activities
Professional service and assistance: We offer you professional service and assistance	Timely: Any ATO services you want to use would be available at a convenient time that suits you.	66/100
	Conscientious: The ATO takes care to think through your circumstances.	66/100
Representation: We accept you can be represented by a person of your choice and get advice	We support taxpayers to self-prepare or use the services of tax professionals. The proportion of income tax returns lodged during 2020–21 by both tax agents and self-preparers demonstrates the importance of intermediaries in the system.	68.9% lodged by tax agents 31.1% lodged by self-preparers
Privacy: We respect your privacy		
Confidentiality: We keep the information we hold about you confidential	Secure: The ATO keeps your / your clients' personal information secure.	76/100
Information access: We give you access to information we hold about you	The ATO is committed to providing taxpayers with transparency and visibility of the data we hold about them – for example by: <ul style="list-style-type: none"> ■ pre-filing individuals' salary, interest and dividend data in their income tax returns ■ allowing tax and BAS practices to access their clients' records through their software or via <i>Online services for agents</i>. 	Over 12.4 million individuals have linked to the ATO through myGov; including more than 2 million individuals that linked in 2020–21 Almost 24,900 active tax agents and 12,200 active BAS agents have registered to use these services

TABLE 6.1 Our performance against the Taxpayers' Charter, 2020–21 *continued*

Charter element	How we measure this element ^(a)	2020–21 result ^(b)
Help: We help you to get things right	Helpful: The ATO is helpful if you need them.	71/100
Decisions: We explain the decisions we make about you	The ATO explains the reasons for our decisions as a matter of course. To demonstrate this, we provide outcomes of decisions for objections and private binding rulings.	Objections resolved 29,877 Private binding rulings 3,977
Your right to question: We respect your right to a review and/or to make a complaint	The ATO respects and supports taxpayers in reviewing our decisions. To demonstrate this, our review/complaint framework includes: <ul style="list-style-type: none"> ■ the right to object to an ATO decision ■ a dedicated complaints phone line and web form ■ the opportunity for independent review by the Inspector-General of Taxation and Taxation Ombudsman (IGTO). 	Complaints lodged 24,740
Easy for you to comply: We make it easier for you to comply	Easy: The amount of effort required for me to meet my tax obligations is reasonable.	70/100
Accountability: We are accountable	The ATO is accountable to a range of stakeholders in our administration of the tax and superannuation systems. This includes the community, government and external scrutineers, such as the IGTO and the Australian National Audit Office (ANAO).	Our service commitment framework (see page 199) demonstrates our accountability

Notes

- (a) Some elements of the Taxpayers' Charter are measured using our Client and Community Confidence survey data, while other elements are measured using other data we collect, such as the number of objections or the percentage of lodgments.
- (b) Some results are presented as an index, based on one or more survey questions. An 11-point Likert scale (0 to 10) is used to capture the responses and these responses are converted to a score between 0 and 100 to create an index score out of 100.

Appendix 3: Public advice and dispute management

The ATO tailors its approach to providing public advice and guidance, with web-based guidance, fact sheets, rulings and more detailed explanations users can access depending on their needs. A significant focus throughout 2020–21 was helping the community understand and access a range of economic stimulus measures, including the extension of the JobKeeper payment and the new JobMaker initiatives.

During 2020–21, we continued to receive positive feedback on our responsiveness to the delivery of public advice and guidance on COVID-19 issues and the government's economic response.

Since late 2020, focus and resources have shifted from COVID-19 related priorities to progressing and delivering other priority public advice and guidance. We continue to:

- seek feedback throughout the development of public advice and guidance products, including through targeted consultation groups, to ensure our advice and guidance meets community needs
- seek to understand the impact of our advice and guidance products and consider if there are better ways to achieve the objectives for issuing that advice.

The following tables provide information on how the ATO assists people to understand their tax and superannuation obligations, and how we work with people who disagree with our assessments.

Public advice

The ATO provides advice in public rulings and a range of other product types as shown in Table 6.2. Timeliness of our public advice is presented in Table 6.3 (for public rulings). Table 6.4 provides information relating to the effectiveness of our public advice issued through business, partner and government interactions.

The volume of formal advice and guidance products delivered in 2020–21 is broadly consistent with previous years. The slight decline in number and timeliness of delivery of our public ruling products in part reflects our shifting priorities during COVID-19, and the large volume of timely and targeted practical advice published on ato.gov.au to support government economic initiatives and tax time.

TABLE 6.2 Key public advice and guidance products, 2018–19 to 2020–21

Product	2018–19	2019–20	2020–21
Total public rulings (including significant addenda) ^(a)	54	51	44
Practical compliance guidelines (including significant updates) ^(b)	20	22	16
Taxpayer alerts	4	3	4
Decision impact statements	7	11	12
Synthesised texts of the Multilateral Instrument and Australian tax treaties	6	9	4
TOTAL	91	96	80

Notes

(a) Includes both draft and final rulings, excludes class and product rulings.

(b) Includes both draft and final guidelines.

TABLE 6.3 Timeliness^(a) of draft public rulings finalised, 2020–21

Product	Number	0–6 months	7–12 months	Over 12 months
Taxation rulings and determinations ^(b)	14	3	2	9
Law companion rulings	3	1	1	1
Annual rulings	4	All published within tax time requirements	n/a	n/a

Notes

(a) Timeliness refers to the time taken to finalise following the end of the public consultation period.

(b) Excludes class and product rulings.

TABLE 6.4 Business, partner and government interactions, 2018–19 to 2020–21

Activity	2018–19	2019–20	2020–21
Effectiveness of public advice issued. In particular in 2020–21, responses showed: <ul style="list-style-type: none"> steady results generally – indicating that our public advice and guidance is continuing to meet the needs of our clients overall, qualitative feedback on our responses to helping the community understand and access a range of economic stimulus measures has been positive. 	Responses for 2018–19 indicate overall a similar level of satisfaction to that reported for 2017–18, with a marked improvement in the ability of our clients to find the guidance they needed.	Much of our public advice and guidance focus for 2019–20 has been on providing advice on natural disasters and COVID19. Overall, qualitative feedback on our responses to those crises has been positive.	We have issued a steady flow of public advice related to COVID-19 and public advice that was paused during 2019–20 due to COVID19 priorities. Overall, external consultation feedback supports that our public advice and guidance meets clients' needs.

Dispute management

We resolved over 29,800 objections. There were 668 applications for Part IVC review or appeal to the Administrative Appeals Tribunal (AAT) or other courts in 2020–21, with 593 decisions made either in relation to these applications or applications made in earlier years.

Table 6.5 presents information on the numbers and types of our dispute cases.

TABLE 6.5 Disputes, 2018–19 to 2020–21

Cases	2018–19	2019–20	2020–21
Returns lodged	37,628,879	38,853,917	39,440,211
Adjustments arising from audits	530,508 ^(a)	467,884	441,317
Disputed cases resolved			
▪ objections	26,276	22,290	29,877 ^(b)
▪ settlements	635	417	475
▪ litigation outcomes ^(c)	314	375	593
▪ independent reviews	13	22	14
▪ small business independent reviews ^(d)	66	87	52
Part IVC cases lodged to courts/tribunals	441	455	668 ^(e)
Part IVC cases resolved prior to court hearing	212	222	426 ^(e)
Part IVC cases proceeded to decision	102	153	167 ^(e)
New Part IVC matters in proportion to objections ^(e)	14.1 per thousand	16.9 per thousand	20.7 per thousand
Number of test case litigations finalised	7	10	12

Notes

- (a) Increased use of advanced analytics and automation led to increased review and audit activities for individuals not in business.
- (b) Of the total objections, 12,204 were completed as part of the implementation of stimulus measures due to COVID-19. This also impacted the number of cases lodged to courts/tribunals (243).
- (c) Part IVC litigation methodology includes Administrative Law matters, and from 2020–21 the methodology was updated to include debt release matters.
- (d) The small business independent review service, which was in pilot phase from 1 July 2018, moved to business as usual effective 1 April 2021.
- (e) Previously reported as Objections to new Part IVC litigation matters. Excludes Administrative Law matters and from 2020–21 the methodology was updated to include debt release matters.

Settlement cases reviewed under our Independent Assurance of Settlements Program for 2020–21 are shown in Table 6.6. Independent assurers review settlements only after they have been finalised. As a result, settlements finalised in the second half of any financial year will likely be reviewed by an independent assurer in the following financial year.

TABLE 6.6 Settlements reviewed by our Independent Assurance of Settlements program during 2020–21^(a)

Financial year of settlement assurance	Settlement cases	ATO position \$m	Settled position \$m	Variance \$m	Variance %
2019–20	11	2,216.8	1,373.3	843.5	38
2020–21	7	628.2	341.1	287.1	45.7
TOTAL	18	2,845	1,714.4	1,130.6	39.7

Note

- (a) Totals may differ from the sum of components due to rounding.

Tables 6.7 and 6.8 provide more detail on settlements that occurred during 2020–21.

TABLE 6.7 Stage at which settlement occurred, 2020–21^(a)

Stage	Settlement cases	% of total settlements	ATO position \$m	Settled position \$m	Variance \$m	Variance %
Pre-audit	140	29	625.1	369.2	255.9	41
Audit	229	48	695.6	432.3	263.4	38
Objection	70	15	459.5	260.8	198.8	43
AAT	18	4	39.9	9.1	30.8	77
Federal Court	18	4	680.5	558	122.5	18
High Court	0	0	0	0	0	0
TOTAL	475	100	2,500.7	1,629.3	871.4	35

Note

(a) Totals may differ from the sum of components due to rounding.

TABLE 6.8 Settlements by client group, 2020–21^(a)

Client group	Settlement cases	% of total settlements	ATO position \$m	Settled position \$m	Variance \$m	Variance %
Individuals ^(b)	22	5	2.2	0.7	1.5	67
Small business	78	16	27.8	15	12.8	46
Privately owned and wealthy groups	206	43	901.3	522.2	379.1	42
Public and multinational businesses	73	15	1,564.6	1,089.2	475.4	30
Not-for-profit organisations ^(c)	0	0	0	0	0	0
Self-managed superannuation funds	96	20	4.8	2.3	2.6	53
APRA-regulated superannuation funds	0	0	0	0	0	0
TOTAL	475	100	2,500.7	1,629.3	871.4	35

Notes

(a) Totals may differ from the sum of components due to rounding.

(b) The client group Individuals does not include those who are in business – for example, sole traders.

(c) The client group Not-for-profit organisations includes government entities.

Appendix 4: Legal services expenditure

In 2020–21, our total legal expenditure reduced by \$1.6 million (or 2%) when compared to the previous year.

Our internal legal services costs were \$3.7 million higher than 2019–20 due to an increase in casework conducted in-house.

External expenditure reduced by around \$5.3 million. Legal costs for addressing disputes generated by the Tax Avoidance Taskforce increased in 2020–21. However natural disasters (fires, floods and cyclones) and the continuing global COVID-19 pandemic contributed to significant reductions in debt legal recovery actions, lower summons and indemnity fees – resulting in an overall reduction of external costs.

TABLE 6.9 Legal services expenditure, 2020–21 ^{(a)(b)}

Type of expenditure	\$
Total costs recovered	3,011,135
Briefs to counsel	17,150,693
Briefs for Independent Assurance of Settlements work	515,432
Disbursements (excluding counsel)	14,862,686
Professional fees paid	23,357,971
External legal services expenditure^(c)	55,886,782
Internal legal services expenditure^(d)	34,379,035
TOTAL (external and internal expenditure)	90,265,817

Notes

- (a) Includes Tax Practitioners Board (TPB) and Australian Charities and Not-for-profits Commission (ACNC) legal costs.
Total TPB external legal services expenditure was \$600,932. Total internal legal services expenditure for the TPB was \$2,877,676.
Total ACNC external legal services expenditure was \$245,928. Total internal legal services expenditure for the ACNC was \$857,732.
- (b) External expenditure in this table excludes GST.
- (c) Excludes costs awarded against the ATO, costs for settlements, expenditure on compensation and legal costs attributable to the ATO's test case program.
- (d) ATO internal legal officers manage tax litigation (under Part IVC of the *Taxation Administration Act 1953*), debt litigation, general legal advice and freedom of information. This amount consists of the cost of labour and expenses for those activities. The amount does not include expenditure on other activities that have some of the characteristics of legal work, but which are not performed by staff in a legal capacity (for example, preparation of writs, statutory demands and bankruptcy notices or providing ATO's interpretation of tax and superannuation law).

TABLE 6.10 Number and value of briefs to counsel, 2020–21 ^{(a)(b)}

Type of brief	New briefs	Total briefs	Value \$
Briefs to senior counsel			
Direct briefs to male senior counsel	101	154	1,881,752
Direct briefs to female senior counsel	43	83	1,305,790
Indirect briefs to male senior counsel	185	325	5,710,403
Indirect briefs to female senior counsel	99	175	3,872,615
Total senior	428	737	12,770,561
Briefs to junior counsel			
Direct briefs to male junior counsel	72	102	845,134
Direct briefs to female junior counsel	59	82	652,424
Indirect briefs to male junior counsel	99	149	1,561,499
Indirect briefs to female junior counsel	73	106	1,321,075
Total junior	303	439	4,380,131
TOTAL	731	1176	17,150,693

Notes

(a) Direct briefs cover counsel briefed directly by the ATO and who work with our in-house litigators and/or business areas.

Indirect briefs are counsel briefed by the ATO's external legal providers acting on behalf of the ATO.

(b) Totals may differ from the sum of components due to rounding.

Appendix 5: Strategic litigation

For the 2020–21 financial year, 62% of reported litigation outcomes under Part IVC of the *Taxation Administration Act 1953* wholly supported the ATO’s position or assessments. Of the litigation decisions under Part IVC, the remaining 38% supported the taxpayer’s position in whole or in part. These percentages include a small number of outcomes under the *Administrative Decision (Judicial Review) Act 1977* or the *Judiciary Act 1903*, but exclude cases funded by the ATO under the Test Case Litigation Program.

Table 6.11 lists significant cases decided by the courts and the Administrative Appeals Tribunal (AAT) in 2020–21. The main issues of each case are listed, as well as the outcome or status as at 30 June 2021. The significant cases reported are those with the potential for ongoing impact on the tax system.

Those marked with an asterisk (*) were funded by the ATO under the Test Case Litigation Program 2020–21. For more information about the test case funding program, see ato.gov.au/testcaselitigationprog.

The Commissioner has released decision impact statements in a number of these cases. These are available at ato.gov.au/decisionimpactstatements.

TABLE 6.11 Significant cases, 2020–21

Matter	Issue	Outcome
Income tax cases – trusts		
<i>Carter & ors v Commissioner of Taxation</i> [2020] FCAFC 150	Whether disclaimers executed by default beneficiaries of a discretionary trust were effective and, if so, whether the disclaimers operated retrospectively for taxation purposes.	The Full Court upheld the taxpayers’ appeal. The High Court has granted the Commissioner special leave to appeal.
<i>Peter Greensill Family Co Pty Ltd (as trustee) v Commissioner of Taxation; Nicholas Martin & anor v Commissioner of Taxation</i> [2021] FCAFC 99	Whether a capital gain assessed to the trustee of a resident trust is disregarded under Division 855. In particular, where the trustee makes a non-resident beneficiary presently or specifically entitled to the whole or a portion of the gain that is taken into account in working out the trust’s net income.	The Full Federal Court dismissed the taxpayers’ appeal.
Income tax cases – other		
* <i>Addy v Commissioner of Taxation</i> [2020] FCAFC 135	Whether the taxpayer, who entered Australia on a Working Holiday Visa, was a resident of Australia for tax purposes and if she was, whether her liability to tax at the rates imposed on holders of working holiday visas offends the Non-discrimination Article in the Australia-United Kingdom Double Tax Agreement.	The Full Federal Court allowed the Commissioner’s appeal. The High Court subsequently granted the taxpayer special leave to appeal. The appeal was heard on 24 June 2021.

TABLE 6.11 Significant cases, 2020–21 *continued*

Matter	Issue	Outcome
Income tax cases – other continued		
<i>*Commissioner of Taxation v Douglas; Commissioner of Taxation v Burns; Commissioner of Taxation v Walker</i> [2020] FCAFC 220	Whether the recipients of superannuation invalidity benefits should be taxed on those benefits as superannuation income stream benefits or as superannuation lump sums.	The Full Federal Court dismissed two appeals and allowed another, in three cases appealed by the Commissioner. Neither the taxpayer nor the Commissioner sought special leave to appeal to the High Court.
<i>*Commissioner of Taxation v Fortunatow & anor</i> [2020] FCAFC 139	Whether the taxpayer satisfied the 'unrelated clients test' under the personal services income provisions.	The Full Federal Court allowed the Commissioner's appeal. The High Court subsequently refused the taxpayer's special leave application.
<i>*Commissioner of Taxation v Glencore Investment Pty Ltd</i> [2020] FCAFC 187	Whether dealings between Swiss-based Glencore International AG and an Australian subsidiary, in relation to the sale and purchase of copper concentrate in the 2007 to 2009 years, breached transfer pricing rules. The Full Federal Court delivered a judgment mostly unfavourable to the Commissioner.	The Full Federal Court handed down a decision largely favourable to the taxpayer. The High Court refused the Commissioner's application for special leave to appeal.
<i>Commissioner of Taxation v Healius Ltd</i> [2020] FCAFC 173	Whether lump sum payments made to health practitioners to cease trading from their own premises and commence working exclusively from a medical centre operated by Healius, were capital in nature and therefore not deductible.	The Full Federal Court allowed the Commissioner's appeal. The High Court refused the taxpayer's subsequent special leave application.
<i>*Eichmann v Commissioner of Taxation</i> [2020] FCAFC 155	Whether a private ruling issued by the Commissioner correctly concluded the taxpayer was not entitled to CGT relief on the sale of certain land, as the land was not an 'active asset' for the purposes of the small business CGT concessions.	The Full Federal Court allowed the taxpayer's appeal.
<i>Mussalli & ors v Commissioner of Taxation</i> [2021] FCAFC 71	Whether amounts labelled as 'prepaid rent' and paid when entering into franchise agreements were on capital account and therefore not deductible because the payments secured the advantage of extinguishing an obligation to pay a higher percentage rent.	The Full Court dismissed the taxpayers' appeal. The taxpayer has sought special leave to appeal to the High Court.
<i>Shell Energy Holdings Australia Ltd v Commissioner of Taxation</i> [2021] FCA 496	Whether Shell was entitled to an immediate write-off for an increase in its stake in a natural gas project.	The Federal Court handed down a decision largely favourable to the taxpayer. The Commissioner has appealed to the Full Court.
<i>Watson as trustee for the Murrindindi Bushfire Class Action Settlement Fund v Commissioner of Taxation</i> [2020] FCAFC 92	Whether expenditure incurred in the course of the trustee's duties as Scheme Administrator of the Murrindindi Bushfire Class Action Settlement Fund was deductible against interest income earned on the settlement funds.	The High Court refused the taxpayer's special leave application.

TABLE 6.11 Significant cases, 2020–21 *continued*

Matter	Issue	Outcome
Promoter penalty cases		
<i>Commissioner of Taxation v Bogiatto (No 2)</i> [2021] FCA 98	Whether the respondent and several associated companies contravened the promoter penalty legislation by promoting R&D incentive schemes to his clients.	The Federal Court found that the respondent had contravened the promoter penalty legislation, imposing a penalty totalling \$22.68 million. The respondent did not appeal to the Federal Court.
<i>Commissioner of Taxation v Rowntree (No 3)</i> [2021] FCA 306	Whether the respondent and two others contravened the promoter penalty legislation by promoting tax exploitation schemes involving the sale of not presently existing REDD (reducing emissions from deforestation and forest degradation) credits.	The Federal Court found that the respondent had contravened the promoter penalty legislation, imposing a penalty totalling \$7.75 million. The respondent has appealed to the Full Court.
JobKeeper and Cash Flow Boost cases		
<i>*Commissioner of Taxation v Apted</i> [2021] FCAFC 45	Whether the applicant held an ABN on 12 March 2020 and, specifically, whether the backdating of the ABN falls within the statutory requirement of holding an ABN on 12 March 2020 in determining the taxpayer's eligibility to JobKeeper payments.	The Full Federal Court held that the applicant did not have an ABN on 12 March 2020 but dismissed the Commissioner's appeal on the basis that the AAT had the power to review the Commissioner's decision to refuse the applicant further time to get an ABN. The Full Court also decided that the AAT did not err in deciding to allow the further time to get an ABN.
<i>*Slatter Building Group Pty Ltd v Commissioner of Taxation</i> [2021] AATA 456	Whether the applicant satisfies the eligibility criteria for the 'cash flow boost' payment in circumstances where the taxpayer was incorporated in January 2020. The 'controlling mind' had previously operated as a sole trader.	The AAT found the applicant was not entitled to the cash flow boost.
<i>VNBM v Commissioner of Taxation</i> [2021] AATA 1626	Whether the applicant failed to satisfy the eligibility criteria for the first 'cash flow boost' payment on the basis that he entered into a scheme of paying a one-off large wage payment for a single week for the dominant purpose of being entitled to the payment.	The Administrative Appeals Tribunal held the applicant was not entitled to the cash flow boost.
Taxation administration cases		
<i>Advanced Holdings Pty Ltd & ors v Commissioner of Taxation</i> [2020] FCAFC 157	Whether amended income tax and penalty assessments were invalid, including on the basis that the Commissioner relied upon materials wrongfully seized under a search warrant in the making of those assessments.	The Full Federal Court refused the taxpayer leave to appeal against the Federal Court's decision to grant summary judgment.
<i>Commissioner of Taxation v Auctus Resources Pty Ltd</i> [2021] FCAFC 39	Whether the Commissioner could recover as an 'administrative overpayment' a research and development (R&D) tax offset refund paid to a taxpayer who self-assessed its activities capable as being registered as R&D activities when the taxpayer was not in fact entitled to the offset.	The Full Federal Court allowed the Commissioner's appeal. The High Court subsequently refused the taxpayer's special leave application.

TABLE 6.11 Significant cases, 2020–21 *continued*

Matter	Issue	Outcome
Taxation administration cases <i>continued</i>		
<i>Commissioner of Taxation v Bosanac (No 7)</i> [2021] FCA 249	Whether the taxpayer had an equitable interest in his former matrimonial house in circumstances where both spouses contributed equally to the purchase of the house through joint loans.	The Federal Court dismissed the Commissioner's appeal. The Commissioner has appealed to the Full Court.
<i>*Commissioner of Taxation v Lane</i> [2020] FCAFC 184	This case concerns the proper allocation of funds recovered by a bankruptcy trustee as an unfair preference and confirmed that the priority payment regime, including the right to priority of employees owed superannuation, did apply to the proceeds of sale of trust assets.	The Full Court partially allowed the Commissioner's appeal. Neither the taxpayer nor the Commissioner sought special leave to appeal to the High Court.
<i>Commissioner of Taxation v Travelex Limited</i> [2021] HCA 8	Whether an entry in a Running Balance Account (RBA) that resulted from a process that did not have a basis in law could give rise to an RBA surplus.	The High Court allowed the Commissioner's appeal.
<i>CUB Australia Holding Pty Ltd v Commissioner of Taxation</i> [2021] FCA 43	Whether a notice issued under the Commissioner's formal information gathering powers requiring the taxpayer to provide particulars of documents sought by the Commissioner that were subject to claims to legal professional privilege is valid. If the notice is valid, the taxpayer seeks declarations that the titles of the documents are privileged.	The Federal Court dismissed the taxpayer's appeal, holding the notice was valid. The taxpayer has subsequently appealed to the Full Federal Court.
<i>Deputy Commissioner of Taxation v Shi, Zu Neng</i> [2021] HCA 22	Whether the Commissioner was correctly given access to an affidavit the taxpayer had filed disclosing his asset position on the grounds it may tend to incriminate him as having committed an offence in Australia. The affidavit had been filed pursuant to a direction of the court made ancillary to the granting of freezing orders.	The Full Federal Court handed down an adverse decision for the Commissioner. The High Court subsequently granted special leave to appeal. The appeal was heard on 14 April 2021.
<i>Huang v Deputy Commissioner of Taxation</i> [2020] FCAFC 141	Whether the rules impose a mandatory jurisdictional precondition or requirement on an applicant seeking a worldwide freezing order to prove a realistic possibility that any judgment obtained can be enforced against assets of the defendant (located in each of the foreign jurisdictions to which the freezing order would relate).	The Full Federal Court allowed the taxpayer's appeal, holding there is such a requirement. The High Court has granted the Deputy Commissioner special leave to appeal.
<i>Rawson Finances Pty Ltd v Commissioner of Taxation</i> [2013] FCAFC 26	Whether Rawson Finances, through its authorised officers and associates and appointed Israeli experts, gave false and misleading evidence in tribunal and court proceedings.	The Federal Court allowed the taxpayer's appeal. The Commissioner has applied to the court to set aside or quash the decision in the prior proceedings. The Commissioner's appeal was heard on 14–21 September 2020.

TABLE 6.11 Significant cases, 2020–21 *continued*

Matter	Issue	Outcome
Goods and services tax cases		
<i>ACN 154 520 199 Pty Ltd (in liq) v Commissioner of Taxation</i> [2020] FCAFC 190	Whether the taxpayer got GST benefits from a scheme to which the GST general anti-avoidance rules (GAAR) provision applies.	The Full Federal Court ordered the matter be remitted back to the AAT for determination according to law of whether the GAAR applies. The High Court subsequently refused the Commissioner's application for special leave to appeal the finding of the Full Federal Court that the taxpayer had been denied procedural fairness.
<i>Crown Melbourne Ltd & anor v Commissioner of Taxation</i> [2020] FCA 1295	Whether commissions and rebates paid to and received by junket tour operators (JTOs) under contractual agreements entered into between the JTOs and the casinos were to be taken into account in calculating the taxpayers' global GST amounts.	The Federal Court allowed the taxpayers' appeal. The Commissioner's appeal to the Full Federal Court was heard on 17 May 2021.
Fringe benefits tax cases		
<i>Virgin Australia Airlines Pty Ltd & anor v Commissioner of Taxation</i> [2021] FCA 523	Whether airlines employees who predominantly perform duties on an aircraft have no primary place of employment, or the aircraft was the primary place of employment, for the purposes of determining car parking fringe benefits.	The Federal Court allowed the taxpayer's appeal. The Commissioner has appealed to the Full Court.

Appendix 6: Debt management

The following tables show statistics on debt holdings and debt not pursued.

Small businesses continue to account for the majority of collectable debt and are a key focus of our payment and debt strategies. We recognise that small businesses may experience cash flow issues for various reasons at any time, particularly those impacted by the dynamic economic environment as a result of the COVID-19 pandemic.

In response, we have taken a differentiated approach for impacted clients based on their personal circumstances, with consideration given to highly impacted locations and industries. During the year, we:

- provided additional time for 1.4 million small business lodgments and payments
- granted 400,000 small business payment plans tailored to individual circumstances and remitted interest and penalties where appropriate.

TABLE 6.12 Value of debt holdings by client experience, 2018–19 to 2020–21^(a)

Activity	2018–19 \$b	2019–20 \$b	2020–21 \$b
Individuals			
▪ collectable debt	2.9	3.8	3.7
▪ debt subject to objection or appeal	0.2	0.2	0.2
▪ insolvency debt	0.4	0.6	0.6
Small business			
▪ collectable debt	16.5	21.4	24.3
▪ debt subject to objection or appeal	1.4	1.2	1.3
▪ insolvency debt	3.9	4.8	4.3
Privately owned and wealthy groups			
▪ collectable debt	5.6	7.0	8.4
▪ debt subject to objection or appeal	3.4	4.0	4.2
▪ insolvency debt	2.8	2.8	3.0
Public and multinational businesses			
▪ collectable debt	1.1	1.3	1.6
▪ debt subject to objection or appeal	6.3	5.0	6.2
▪ insolvency debt	0.4	0.5	0.5
Not-for-profit organisations			
▪ collectable debt	0.2	0.3	0.2
▪ debt subject to objection or appeal	0.0	0.0	0.0
▪ insolvency debt	0.0	0.0	0.0
Self-managed superannuation funds			
▪ collectable debt	0.2	0.3	0.3
▪ debt subject to objection or appeal	0.0	0.0	0.0
▪ insolvency debt	0.0	0.0	0.0

TABLE 6.12 Value of debt holdings by client experience, 2018–19 to 2020–21^(a) continued

Activity	2018–19 \$b	2019–20 \$b	2020–21 \$b
Superannuation funds			
▪ collectable debt	0.1	0.0	0.0
▪ debt subject to objection or appeal	0.0	0.0	0.0
▪ insolvency debt	0.0	0.0	0.0

Note

(a) The sum of collectable debt, debt subject to objection, review or appeal under Part IVC of the *Taxation Administration Act 1953* (TAA) and insolvency debt in this table will vary from the 'Value of debt holdings by main revenue type' table as only the main revenue types are included there.

The proportions of debt accounted for by activity statement debt, income tax debt and superannuation guarantee charge debt are reasonably consistent over time.

TABLE 6.13 Value of debt holdings by main revenue type, 2018–19 to 2020–21^(a)

Activity	2018–19 \$b	2019–20 \$b	2020–21 \$b
Activity statement			
▪ collectable debt	14.3	19.9	22.6
▪ debt subject to objection or appeal	0.9	0.5	0.6
▪ insolvency debt	4.2	4.8	4.8
Income tax			
▪ collectable debt	10.8	12.5	13.5
▪ debt subject to objection or appeal	10.0	9.4	11.0
▪ insolvency debt	2.3	2.7	2.4
Superannuation guarantee charge			
▪ collectable debt	1.1	1.2	1.7
▪ debt subject to objection or appeal	0.1	0.1	0.1
▪ insolvency debt	1.0	1.1	1.1

Note

(a) The sum of collectable debt, debt subject to objection, review or appeal under Part IVC of the TAA and insolvency debt in this table will vary from the 'Value of debt holdings by client experience' table as only the main revenue types are included here.

Determining some debts as either uneconomical to pursue or irrecoverable at law helps ensure we are focusing our collection activities on the right debts.

TABLE 6.14 Debt not pursued, 2018–19 to 2020–21^(a)

Activity	2018–19	2019–20	2020–21
Value of debt:			
▪ uneconomical to pursue	\$1.4b	\$0.7b	\$0.5b
▪ irrecoverable at law	\$2.8b	\$0.9b	\$2.9b
Ratio of debt uneconomical to pursue to ATO net cash collections	0.3%	0.2%	0.1%

Note

(a) If a decision is made to not pursue a debt on the basis that it is uneconomical to do so, the debt can be pursued at a future time. A debt that is irrecoverable at law is effectively extinguished.

Appendix 7: Compensation statistics

The information below relates to compensation under the Commonwealth's Scheme for Compensation for Detriment caused by Defective Administration (CDDA). For information about work health and safety, see page 102.

Under the CDDA scheme, compensation may be paid to an individual, company or other organisation that has experienced detriment as a result of our defective actions or inaction.

Payments under the scheme are discretionary. The information below provides details of claims processed under the scheme in 2020–21.

Compensation claims

In 2020–21, we registered 171 compensation cases and finalised 174 (including cases registered in previous years), with 61 resulting in compensation being offered.

For straightforward claims, we aim to give the claimant a decision within 56 days. For more complex claims, we aim to give a preliminary view within 56 days. Claimants are then given an opportunity to comment on the preliminary view prior to the decision being made. The extended time frame includes time taken for the claimant to consider the ATO's preliminary view.

TABLE 6.15 Completion time frames of compensation claims, 2020–21

Claims	1 month	1–3months	3–6 months	6–12 months	1 year +
Percentage of claims	5%	42%	36%	14%	3%

Compensation payments

The total amount of compensation payments made in 2020–21 was \$213,223. The average payment made was \$3,439 and the median payment was \$958.

While these statistics have been compiled from a number of data sources, all possible care has been taken to ensure consistency.

Appendix 8: Service commitments and activities

The ATO reports on a range of service commitments and provides information about our activities that deliver outcomes for the community. Our annual results are provided in the following tables.

Service commitments

Our service commitments are designed to assure the ATO and the community that the services we provide are of a consistent and high standard. Many of our commitments have targets, which are meaningful to our clients and challenge us to deliver the best possible service.

We regularly report on our service commitments. These are available at ato.gov.au/servicecommitments.

We did not meet all our targets for service commitments in place at 30 June 2021.

TABLE 6.16 Commitments to service – Timely, 2019–20 and 2020–21

Service commitment	Target	Achieved 2019–20		Achieved 2020–21		
		Result	Indicator	Result	Indicator	
General calls over the tax time period, as at 31 October <ul style="list-style-type: none"> A total of 3,085,476 calls were answered, 124,157 abandoned (4% of calls offered) and 3,276 calls were blocked in 2020–21. 	answered within 5 minutes	80%	79%	X	84%	✓
Tax practitioner calls over the tax time period, as at 31 October <ul style="list-style-type: none"> A total of 648,949 calls were answered, 13,131 abandoned (2% of calls offered) and zero calls were blocked in 2020–21. 	answered within 2 minutes	90%	90%	✓	92%	✓
Average wait time for inbound general calls ^(a)	less than 10 minutes	10 min	—	—	06 min 04 sec	✓
Electronic taxpayer requests	finalised in 15 business days	90%	93%	✓	92%	✓
Private rulings	finalised in 28 calendar days of receiving all necessary information	80%	88%	✓	81%	✓
Superannuation guarantee employee notifications ^(b)	finalised within 4 months	60%	16%	X	7% ^(c)	X
Superannuation guarantee employee notifications ^(b)	finalised within 9 months	90%	88%	X	37% ^(c)	X

TABLE 6.16 Commitments to service – Timely, 2019–20 and 2020–21 continued

Service commitment		Target	Achieved 2019–20		Achieved 2020–21	
			Result	Indicator	Result	Indicator
Electronic tax returns and activity statements ^(d)	finalised in 12 business days	94%	99%	✓	100%	✓
Electronic amendments	finalised in 20 business days	90%	97%	✓	95%	✓
Paper tax returns, activity statements and amendments	finalised in 50 business days	80%	98%	✓	97%	✓
Australian residents' ABR registrations	finalised in 20 business days	93%	99%	✓	99%	✓
Electronic Commissioner of Taxation registrations	finalised in 20 business days	93%	98%	✓	97%	✓
Complaints received	resolved in 15 business days or within the date negotiated with the client	85%	83% ^(e)	X	86%	✓

✓ = met X = not met — = New, not previously reported in the annual report for the given year/s

Notes

- (a) In 2020–21 we trialed an alternate service commitment as an indicator of client experience. We are committed to providing a level of service that best supports the community and ensures access to our network.
- (b) Service commitment will be reviewed during 2021–22.
- (c) Service commitment result impacted by a backlog of superannuation guarantee work resulting from the movement of staff to support the government's stimulus measures.
- (d) Target applies to current-year tax returns only.
- (e) 72% of complaints resolved in 15 business days, regardless of additional time negotiated with the client.

TABLE 6.17 Commitments to service – Keep me informed, 2019–20 and 2020–21

Service commitment		Target	Achieved 2019–20		Achieved 2020–21	
			Result	Indicator	Result	Indicator
Electronic tax returns (individuals not in business)	inform if unable to finalise within 30 calendar days of receipt	100%	100%	✓	100%	✓
Private rulings	contact within 14 calendar days if request will take more than 28 calendar days to resolve	80%	93%	✓	90%	✓
Superannuation guarantee employee notifications	notification commenced within 28 days of receipt	99%	100%	✓	99%	✓

✓ = met X = not met

Activities

We undertake a range of activities to support the delivery of the tax and superannuation systems. Outputs include information assistance services, processing and assurance activities, along with internal services for our staff.

TABLE 6.18 Activities and outputs – Information and assistance services, 2018–19 to 2020–21

Activity	2018–19	2019–20	2020–21
Number of non-digital, inbound customer service interactions	9,996,161	10,525,162	8,883,652
Number provided of:			
▪ interpretative guidance products	51,584	53,191	53,442
▪ private rulings	5,285	4,126	3,977
Perceptions that the <i>process</i> was fair in:			
▪ disputes	49%	52%	54%
– individuals	49%	52%	54%
– business	50%	54%	55%
▪ audits, advice or private rulings	62%	58%	60%
– individuals	61%	57%	59%
– business	65%	65%	63%
Perceptions that the <i>final decision</i> was fair in:			
▪ disputes	57%	65%	58%
– individuals	57%	67%	57%
– business	57%	61%	59%
▪ audits, advice or private rulings	62%	58%	60%
– individuals	61%	57%	60%
– business	64%	63%	61%

TABLE 6.19 Activities and outputs – Obligations and entitlements processing, 2018–19 to 2020–21^(a)

Activity	2018–19	2019–20	2020–21
Number of registrations processed	1.9m	1.7m	1.5m
Number of returns, statements and forms processed	334.0m	358.5m	317.1m
Proportion of:			
▪ income tax returns lodged	88.8%	89.8%	89.4%
▪ activity statements lodged	88.6%	85.5%	84.6%
Proportion of tax returns lodged electronically	97.3%	97.8%	98.2%
Number of payments processed	29.7m	27.3m	25.0m
Proportion of payments made and received through electronic channels	98.6%	98.9%	99.2%

Note

(a) Some items reported for 2020–21 (such as proportion of tax returns lodged electronically) relate to the 2019–20 tax year.

TABLE 6.20 Activities and outputs – Revenue assurance, 2018–19 to 2020–21

Activity	2018–19	2019–20	2020–21
Number of refunds issued	13.6m	14.6m	14.8m
Number of compliance activities undertaken	4.3m	3.9m	5.2m
Value of tax collected:			
▪ gross	\$533.1b	\$537.0b	\$580.1b
▪ net	\$426.0b	\$404.7b	\$451.4b
Value of refunds paid	\$107.2b	\$132.3b	\$128.7b
Value of compliance liabilities as a result of compliance audits, reviews and other checks:			
▪ raised	\$15.3b	\$12.7b	\$12.0b
▪ collected	\$10.5b	\$9.5b	\$6.8b
Value of penalties and interest collected	\$2.2b	\$2.4b	\$1.8b

TABLE 6.21 Activities and outputs – Securing retirement income, 2018–19 to 2020–21^(a)

Activity	2018–19	2019–20	2020–21
Number of lost superannuation accounts ^(b)	674,190	433,918	361,986
Number of ATO-held superannuation accounts ^(c)	5.4m	5.6m	6.2m
Proportion of member contribution statements lodged on time ^(d)	97.1%	99.4%	94.8%
Number of excess contributions determinations issued ^(e)	192,357	181,068	161,375
Number of Division 293 tax assessments issued ^(f)	233,030	228,668	278,942
Proportion of self-managed superannuation funds (SMSFs) with contraventions reported by approved SMSF auditors compared to the total number of lodging SMSFs ^(g)	— ^(h)	— ^(h)	2.6% ⁽ⁱ⁾
Value of lost superannuation accounts	\$16.5b	\$10.3b	\$9.2b
Value of ATO-held superannuation accounts ^(c)	\$4.0b	\$3.6b	\$4.7b
Value of excess contributions determinations issued	\$1.9b	\$1.9b	\$1.9b
Value of Division 293 tax assessments issued	\$730.7m	\$667.7m	\$829.3m
Proportion of super guarantee compliance casework consisting of ATO-initiated work	40%	23%	43%

Notes

- (a) Some items reported for 2020–21 relate to the 2019–20 tax year.
- (b) For 2018–19, funds transitioned their lost member reporting to event-based reporting, improving the accuracy and timeliness of lost member account reporting.
- (c) ATO-held super accounts include unclaimed super money and Superannuation Holding Accounts special account.
- (d) Of those member contribution statements lodged by large APRA-regulated funds.
- (e) Determinations issued in 2020–21 primarily relate to the 2019–20 year.
- (f) Division 293 assessments issued in 2020–21 primarily relate to the 2019–20 year.
- (g) For 2020–21, the measure name has been changed to reflect a new calculation method. For prior years, published results were based on total registered funds rather than total lodging funds.
- (h) Based on the new calculation method, the prior-year results for this measure were 2.2% in 2018–19 (relates to the contraventions for 2016–17 as at June 2019) and 2.6% in 2019–20 (relates to the contraventions for 2017–18 as at June 2020).
- (i) Relates to the contraventions reported for 2018–19 as at June 2021.

TABLE 6.22 Activities and outputs – Administered program outputs, 2018–19 to 2020–21

Activity	2018–19	2019–20	2020–21
Program 1.5 – Australian Screen Production Incentive – Number of tax offsets processed	155	237	208
Program 1.7 – Fuel Tax Credits Scheme – Number of registered participants	246,666	252,819	259,074
Program 1.7 – Fuel Tax Credits Scheme – Proportion of payments processed within service standard time frames	99%	99%	99.4%
Program 1.9 – Product Stewardship for Oil – Number of claims processed	368	376	367
Program 1.9 – Product Stewardship for Oil – Number of participants registered	45	43	40
Program 1.9 – Product Stewardship for Oil – Proportion of payments processed within service standard time frames	95%	89%	87%
Program 1.11 – Low Income Superannuation Tax Offset – Number of beneficiaries of entitlements determined	2.9m	2.8m	2.7m
Program 1.11 – Low Income Superannuation Tax Offset – Value of entitlements determined	\$737.6m	\$711.8m	\$669.7m
Program 1.11 – Low Income Superannuation Tax Offset – Proportion of original contributions paid within 60 days	99.98%	99.92%	99.99%
Program 1.12 – Private Health Insurance Rebate – Number of individuals with private health insurance rebate details assessed through the tax system	7.7m	7.9m	7.9m
Program 1.13 – Superannuation Co-contribution Scheme – Number of beneficiaries of entitlements determined	376,398	393,154	391,812
Program 1.13 – Superannuation Co-contribution Scheme – Value of entitlements determined	\$121m	\$123m	\$122m
Program 1.13 – Superannuation Co-contribution Scheme – Proportion of original co contributions paid within 60 days	95.8%	97.7%	92.6%
Program 1.14 – Superannuation Guarantee Scheme – Number of superannuation guarantee complaints leading to:			
■ a superannuation liability being raised	10,917	8,726	11,569
■ no result	3,804	3,806	4,791
Program 1.14 – Superannuation Guarantee Scheme – Number of employees who have had superannuation guarantee entitlements raised as a result of:			
■ ATO compliance activities	173,876	182,663	202,483
■ voluntary disclosures	105,463	164,613	306,013
Program 1.14 – Superannuation Guarantee Scheme – Number of:			
■ employers whose records are checked	22,236	16,290	17,051
■ checks leading to a superannuation liability being raised	15,965	12,273	12,264
Program 1.14 – Superannuation Guarantee Scheme – Proportion of employers for whom superannuation guarantee liabilities were raised by the ATO	1.7%	1.4%	1.3%
Program 1.15 – Targeted Assistance Through the Taxation system – Number of interest payments processed	520,274	2.67m	1.41m
Program 1.15 – Targeted Assistance Through the Taxation system – Proportion of unclaimed superannuation accounts where interest is paid to the account owner compared to total accounts transferred	100%	100%	100%
Program 1.16 – Interest on Overpayment and Early Payments of Tax – Number of transactions where an overpayment has occurred under Part IIB, Part III, Part IIIA of the T(IOEP)A	337,356	480,852	240,155
Program 1.18 – Seafarer Tax Offset – Number of tax offsets processed	Less than 5	Less than 5	Less than 5
Program 1.18 – Seafarer Tax Offset – Value of tax offsets processed	\$9.9m	\$9.4m	\$9.5m

TABLE 6.23 Activities and outputs – Corporate services, 2018–19 to 2020–21

Activity	2018–19	2019–20	2020–21
Rate of unscheduled absence (days)	13.6	12.5	10.5
Employee perceptions of senior leadership	58%	64% ^(a)	62%

Note

(a) Result from delayed 2020 APS Employee Census released in January 2021.

Appendix 9: Advertising, direct mail, media placement and market research

Advertising activities

During 2020–21, the ATO conducted the following advertising activities:

- ACNC recruitment^(a)
- ATO recruitment
- Communities in control^(a)
- Drought
- Economic stimulus measures (temporary full expensing and loss carry back)
- Fringe benefits tax
- Highlight misconduct in tax agents^(b)
- Illegal early release of super
- JobKeeper extension (Culturally and linguistically diverse audiences)
- JobKeeper payment (extension 2)
- JobMaker (hiring credit)
- Not for profit (NFP) support and services
- New South Wales flood relief
- Our services
- Phoenix
- Scams and identity protection
- Service delivery peaks
- Superannuation guarantee amnesty
- Supporting small business
- Tax and super basics
- Tax avoidance schemes
- Tax, super and you competition
- Unregistered tax agent^(b)
- Working from home deductions.

Notes

(a) Relates to work undertaken on behalf of the Australian Charities and Not-for-profits Commission.

(b) Relates to work undertaken on behalf of the Tax Practitioners Board.

Further information on advertising activities is available at ato.gov.au and in reports on Australian Government advertising prepared by the Department of Finance, available at finance.gov.au.

Payments for advertising, direct mail, media placement and market research

Under the *Commonwealth Electoral Act 1918*, agencies are required to provide details of payments over \$14,300 (GST inclusive) made to advertising, direct mail, media placement and market research organisations. Amounts paid during 2020–21 are set out below.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at tenders.gov.au.

TABLE 6.24 Amounts paid to advertising, direct mail, media placement and market research organisations, 2020–21^{(a)(b)}

Organisation	Initiative, event or product	Total payments (\$)
Media placement		
Universal McCann	ATO recruitment advertising	256,498
Universal McCann	Economic stimulus measures (temporary full expensing and loss carry back) advertising campaign	40,424
Universal McCann	Fringe benefits tax advertising campaign	53,900
Universal McCann	Illegal early release of super advertising campaign	53,900
Universal McCann	JobKeeper extension (CALD audiences) advertising campaign	52,201
Universal McCann	JobKeeper payment (extension 2) advertising campaign	190,623
Universal McCann	JobMaker (hiring credit) advertising campaign	52,713
Universal McCann	NFP support and services advertising campaign	32,339
Universal McCann	NSW flood relief advertising campaign	40,426
Universal McCann	Our services advertising campaign	32,340
Universal McCann	Phoenix advertising campaign	53,900
Universal McCann	Protecting our community advertising campaign	67,409
Universal McCann	Scams and identity protection advertising campaign	53,068
Universal McCann	Service delivery peaks advertising campaign	53,848
Universal McCann	Superannuation guarantee amnesty advertising campaign	52,768
Universal McCann	Supporting small business advertising campaign	32,340
Universal McCann	Tax and super basics advertising campaign	266,373
Universal McCann	Tax avoidance schemes advertising campaign	53,108
Universal McCann	Tax, super and you competition advertising campaign	25,646
Universal McCann	Unregistered tax agent advertising campaign ^(c)	54,968
Universal McCann	Working from home deductions advertising campaign	53,576
TOTAL		\$1,572,368

TABLE 6.24 Amounts paid to advertising, direct mail, media placement and market research organisations, 2020–21^{(a)(b)} *continued*

Organisation	Initiative, event or product	Total payments (\$)
Market research		
Colmar Brunton Pty Ltd	Understanding the unregistered tax agent population ^(c)	49,970
Culture Plus Consulting Pty Ltd	ATO staff experience diversity and inclusion	85,360
EY Sweeney	Contemporary education for small business	108,779
EY Sweeney	Modernising Business Registers brand research	63,855
JWS Research	Understanding business perspectives of registers	15,928
Kantar Public Australia Pty Ltd	Exploring professional development for teachers	32,615
Orima Research Pty Ltd	Measuring community perceptions	357,979
TOTAL		\$ 714,486

Notes

- (a) For the purposes of section 311A of the *Commonwealth Electoral Act 1918*, the ATO does not undertake polling activity.
- (b) The ATO made no payments over \$14,300 (GST inclusive) to advertising or direct mail organisations in 2020–21.
- (c) Relates to work undertaken on behalf of the Tax Practitioners Board.

Appendix 10: Use of access powers

In most circumstances, we work cooperatively with taxpayers and third parties to obtain relevant information without having to exercise our formal powers. Our approach to information gathering, including the policies and procedures for the use of our powers, is available at ato.gov.au/useofpowers.

Use of formal information-gathering notices is necessary where third parties, such as financial institutions, are required to provide private tax-related information to us. They are also necessary to establish the relevant facts and evidence in audits and other investigations.

During 2020–21, there were:

- 12 occasions in which we needed to gather relevant information using our powers to obtain access without notice
- 20,954 formal notices issued to obtain relevant information and documents, including situations where we combined notices for information and documents with notices requiring formal interviews.

TABLE 6.25 Formal access and information-gathering powers used by the Commissioner, 2018–19 to 2020–21^(a)

Access – approved submissions	2018–19	2019–20	2020–21
With notice	16	11	7
Without notice	5	3	5
Immediate	1	1	0
TOTAL	22	15	12
Formal information-gathering notices	2018–19	2019–20	2020–21
Information or document	25,299	17,403	20,810
Attend and give evidence	410	246	110
Formal offshore requests	43	56	34
TOTAL	25,752	17,705	20,954

Note

(a) Care should be taken in extrapolating trends from this data. Figures include all formal notices issued, including the reissue of a formal notice, and do not represent the number of taxpayers who have received a formal notice.

Use of assumed identities

Our employees may use assumed identities to gather intelligence and evidence against individuals and criminal networks under investigation. Under the *Crimes Act 1914*, we are required to regularly audit records of authorisations and revocations of assumed identities.

As at 30 June 2021, there were no authorisations for our field intelligence staff to hold assumed identities.

Appendix 11: Information provided to law enforcement agencies

Section 355-70 (item 1) of Schedule 1 to the *Taxation Administration Act 1953* allows the disclosure of taxpayer information to specified law enforcement agencies where the information is:

- relevant to determining whether a serious offence has been, or is being, committed
- for enforcing a law, the contravention of which is a serious offence
- for proceeds of crime order proceedings.

Table 6.26 shows requests from agencies and ATO-initiated disclosures, while Table 6.27 shows the general categories of offence in 2020–21.

TABLE 6.26 Requesting agencies and ATO-initiated disclosures, 2020–21

Agencies	On hand 1 July 2020	New requests			Processed requests			On hand 30 June 2021
		External	ATO-initiated	Total requests received	Withdrawn	Rejected	Total requests disclosed	
Subsection 355-70(1)(item 1) – serious offence								
Australian Commission for Law Enforcement Integrity	1	5	1	6	0	0	7	0
Australian Criminal Intelligence Commission	9	321	6	327	2	0	326	8
Australian Federal Police	30	416	26	442	27	3	407	35
Australian Securities & Investments Commission	3	7	0	7	0	0	9	1
Brisbane District Court	0	0	1	1	1	0	0	0
Cairns District Court	0	0	1	1	0	0	1	0
Commonwealth Director of Public Prosecutions	0	2	1	3	1	0	2	0
Corruption and Crime Commission of Western Australia	1	19	0	19	1	0	18	1
County Court of Victoria	0	0	3	3	0	0	3	0
Crime and Corruption Commission Queensland	0	90	0	90	3	0	80	7
District Court of NSW – Downing Centre	0	0	5	5	0	0	5	0
District Court of NSW – Liverpool	0	0	1	1	0	0	1	0
District Court of NSW – Newcastle	0	0	1	1	0	0	1	0
District Court of NSW – Parramatta	0	0	1	1	0	0	1	0
District Court of Queensland – Mackay	0	0	1	1	0	0	1	0
District Court of South Australia	0	0	3	3	0	0	3	0
District Court of Western Australia – Fremantle	0	0	1	1	0	0	1	0
District Court of Western Australia – Perth	0	0	2	2	0	0	2	0

TABLE 6.26 Requesting agencies and ATO-initiated disclosures, 2020–21 *continued*

Agencies	On hand 1 July 2020	New requests			Processed requests			On hand 30 June 2021
		External	ATO-initiated	Total requests received	Withdrawn	Rejected	Total requests disclosed	
Subsection 355-70(1)(item 1) – serious offence continued								
Independent Broad-based Anticorruption Commission, Victoria	1	9	0	9	0	0	10	0
Independent Commissioner Against Corruption of South Australia	0	4	0	4	1	0	3	0
Local Court Byron Bay	0	0	1	1	0	0	1	0
Magistrates Court Brisbane	0	0	1	1	0	0	1	0
New South Wales Crime Commission	5	153	1	154	5	0	147	7
Northern Territory Police Force	1	14	0	14	1	0	14	0
NSW Independent Commission Against Corruption	0	13	1	14	1	0	12	1
NSW Police Force	23	426	15	441	27	1	387	49
Perth Magistrates Court	0	0	1	1	0	0	1	0
Queensland Police Service	17	245	9	254	26	0	220	25
South Australia Police	0	64	7	71	2	0	69	0
Southport Court of Queensland	0	0	2	2	0	0	2	0
Supreme Court of NSW	0	0	1	1	0	0	1	0
Supreme Court of Tasmania	0	0	1	1	0	0	1	0
Supreme Court of the Northern Territory	0	0	2	2	0	0	2	0
Tasmania Police	1	15	1	16	1	0	16	0
Victoria Police	13	278	6	284	14	6	247	30
Western Australian Police Force	19	160	2	162	3	0	169	9
Total	124	2,241	105	2,346	116	10	2,171	173
Subsection 355-70(1)(item 2) – ASIO								
Australian Security Intelligence Organisation	0	3	0	3	0	0	3	0
Total	0	3	0	3	0	0	3	0
Subsection 355-70(1)(item 4) – Black Economy Taskforce								
Attorney-General's Department	0	0	2	2	0	0	2	0
AUSTRAC	0	1	11	12	0	0	12	0
Australian Border Force	0	3	13	16	0	0	16	0
Australian Criminal Intelligence Commission	0	0	14	14	0	0	14	0
Australian Federal Police	0	0	9	9	0	0	9	0
Commonwealth Director of Public Prosecutions	0	0	2	2	0	0	2	0
Department of Home Affairs	0	0	2	2	0	0	2	0
Fair Work Ombudsman	0	0	14	14	0	0	14	0
Services Australia	0	0	2	2	0	0	2	0
Treasury	0	0	2	2	0	0	2	0
Total	0	4	71	75	0	0	75	0

TABLE 6.26 Requesting agencies and ATO-initiated disclosures, 2020–21 *continued*

Agencies	On hand 1 July 2020	New requests			Processed requests			On hand 30 June 2021
		External	ATO-initiated	Total requests received	Withdrawn	Rejected	Total requests disclosed	
Subsection 355-70(1)(item 4) – Criminal Assets Confiscation Taskforce								
AUSTRAC	1	12	2	14	1	0	14	0
Australian Criminal Intelligence Commission	0	93	0	93	0	0	93	0
Australian Federal Police	5	150	12	162	6	0	150	11
Total	6	255	14	269	7	0	257	11
Subsection 355-70(1)(item 4) – Fraud and Anti-Corruption Centre Taskforce								
AUSTRAC	0	2	1	3	0	0	3	0
Australian Border Force	0	27	68	95	0	0	95	0
National Disability Insurance Agency	1	0	0	0	0	0	1	0
Total	1	29	69	98	0	0	99	0
Subsection 355-70(1)(item 4) – Illicit Tobacco Taskforce								
AUSTRAC	2	0	10	10	0	0	12	0
Australian Border Force	4	3	34	37	0	0	41	0
Australian Criminal Intelligence Commission	2	0	9	9	0	0	11	0
Department of Home Affairs	0	0	2	2	0	0	2	0
Total	8	3	55	58	0	0	66	0
Subsection 355-70(1)(item 4) – National Anti-Gang Taskforce								
Australian Criminal Intelligence Commission	0	0	1	1	0	0	1	0
Australian Federal Police	1	526	9	535	2	0	531	3
Total	1	526	10	536	2	0	532	3
Subsection 355-70(1)(item 4) – Phoenix Taskforce								
Attorney-General's Department	0	0	38	38	0	0	37	1
AUSTRAC	0	0	17	17	0	0	16	1
Australian Border Force	0	0	14	14	0	0	14	0
Australian Building and Construction Commission	0	0	10	10	0	0	10	0
Australian Competition & Consumer Commission	0	0	12	12	0	0	12	0
Australian Criminal Intelligence Commission	0	1	17	18	1	0	17	0
Australian Federal Police	0	0	12	12	0	0	12	0
Australian Finance Security Authority	0	1	17	18	0	0	18	0
Australian Securities & Investments Commission	0	8	83	91	0	0	91	0
Clean Energy Regulator	0	0	12	12	0	0	12	0
Commissioner of State Revenue Office – Victoria	0	0	1	1	0	0	1	0
Consumer Affairs Victoria	0	0	10	10	0	0	10	0
Department of Agriculture & Water Resources	0	0	6	6	0	0	6	0
Department of Environment	0	0	4	4	0	0	4	0
Department of Health	0	0	11	11	0	0	11	0

TABLE 6.26 Requesting agencies and ATO-initiated disclosures, 2020–21 *continued*

Agencies	On hand 1 July 2020	New requests			Processed requests			On hand 30 June 2021
		External	ATO-initiated	Total requests received	Withdrawn	Rejected	Total requests disclosed	
Subsection 355-70(1)(item 4) – Phoenix Taskforce <i>continued</i>								
Department of Immigration and Border Protection	0	1	0	1	0	0	1	0
Department of Industry, Innovation & Science	0	0	10	10	0	0	10	0
Department of Mines, Industry, Regulation & Safety	0	0	10	10	0	0	10	0
Department of Treasury and Finance – South Australia	0	0	12	12	0	0	12	0
Fair Work Ombudsman	0	0	18	18	0	0	18	0
Labour Hire Authority Victoria	1	0	15	15	0	0	16	0
Labour Hire Licensing Queensland	0	1	0	1	0	0	1	0
NSW Fair Trading	0	0	10	10	0	0	10	0
NSW Long Service Corporation	0	0	12	12	0	0	12	0
NSW Police Force	0	0	14	14	0	0	14	0
Office of Industrial Relations Queensland	1	12	18	30	1	0	30	0
Office of State Revenue (all states)	1	5	106	111	0	0	112	0
Queensland Building & Construction Commission	0	0	12	12	0	0	12	0
Return to Work SA	0	0	19	19	0	0	19	0
Services Australia	0	0	7	7	0	0	7	0
State Insurance Regulatory Authority NSW	0	0	18	18	0	0	18	0
Victorian Building Authority	0	0	9	9	0	0	9	0
Victorian Legal Services Board and Commissioner	0	0	12	12	0	0	12	0
Victoria Police	0	0	11	11	0	0	11	0
WorkCover Queensland	0	3	12	15	0	0	15	0
Total	3	32	589	621	2	0	620	2
Subsection 355-70(1)(item 4) – Serious Financial Crime Taskforce								
Attorney-General's Department	0	0	40	40	0	0	40	0
AUSTRAC	1	0	328	328	0	0	329	0
Australian Border Force	0	1	114	115	0	0	115	0
Australian Criminal Intelligence Commission	0	12	173	185	0	0	185	0
Australian Federal Police	0	19	174	193	1	0	192	0
Australian Finance Security Authority	0	0	1	1	0	0	1	0
Australian Securities & Investments Commission	0	4	65	69	0	0	69	0
Australian Signals Directorate	0	0	4	4	0	0	4	0
Commonwealth Director of Public Prosecutions	0	0	42	42	0	0	42	0
Department of Home Affairs	0	0	23	23	0	0	23	0
Labour Hire Authority Victoria	0	0	1	1	0	0	1	0
Office of Industrial Relations Queensland	0	0	1	1	0	0	1	0

TABLE 6.26 Requesting agencies and ATO-initiated disclosures, 2020–21 *continued*

Agencies	On hand 1 July 2020	New requests			Processed requests			On hand 30 June 2021
		External	ATO-initiated	Total requests received	Withdrawn	Rejected	Total requests disclosed	
Office of State Revenue (all states)	0	0	1	1	0	0	1	0
Return to Work SA	0	0	1	1	0	0	1	0
Services Australia	0	1	63	64	0	0	64	0
WorkCover Queensland	0	0	2	2	0	0	2	0
Total	1	37	1,033	1,070	1	0	1,070	0
Subsection 355-70(1)(item 4) – Trusts Taskforce								
AUSTRAC	0	0	1	1	0	0	1	0
Australian Securities & Investments Commission	0	0	6	6	0	0	6	0
Total	0	0	7	7	0	0	7	0
GRAND TOTAL	144	3,130	1,953	5,083	128	10	4,900	189

TABLE 6.27 General categories of offence, 2020–21

Categories	On hand 1 July 2020	New requests			Processed requests			On hand 30 June 2021
		External	ATO-initiated	Total requests received	Withdrawn	Rejected	Total requests disclosed	
Anti-Money Laundering and Counter Terrorism Financing Act 2006	0	8	0	8	0	0	8	0
Child Protection Acts ^(a)	0	4	0	4	0	0	3	1
Common Law	1	14	0	14	3	1	10	1
Competition & Consumer Act 2010	0	1	0	1	0	0	1	0
Confiscation Acts ^(b)	13	262	2	264	8	1	250	18
Coroners Act 1996 (WA)	0	1	0	1	0	0	0	1
Corporations Law ^(c)	2	8	0	8	0	0	9	1
Crimes and Criminal Code Acts (Commonwealth) ^(d)	33	674	37	711	28	1	677	38
Crimes and Criminal Code Acts (state) ^(e)	54	846	54	900	55	4	803	92
Criminal Code Compilation Act 1913 (WA)	3	23	0	23	0	0	25	1
Criminal Law Consolidations Act 1935 (SA)	0	20	4	24	2	0	22	0
Customs Act 1901 (Importation)	0	2	0	2	1	0	1	0
Drug Misuse and Trafficking Acts ^(f)	14	250	4	254	17	0	234	17
Drugs Poisons and Controlled Substances Acts ^(g)	3	106	0	106	2	0	104	3
Excise Act 1901	0	0	1	1	0	0	1	0
Firearms Acts ^(h)	0	4	0	4	0	0	4	0
Foreign Passports Act 2005	0	1	0	1	0	0	1	0

TABLE 6.27 General categories of offence, 2020–21 *continued*

Categories	On hand 1 July 2020	New requests			Processed requests			On hand 30 June 2021
		External	ATO-initiated	Total requests received	Withdrawn	Rejected	Total requests disclosed	
Heavy Vehicle National Law 2014	1	0	0	0	0	0	1	0
Proceeds of Crime Act 2002	0	10	2	12	0	0	12	0
Sentencing Act 1991 (Vic)	0	2	0	2	0	2	0	0
Sex Workers Act 1994 (Vic)	0	2	0	2	0	0	2	0
Surveillance Devices Act 2007 (NSW)	0	1	0	1	0	0	1	0
Taxation Administration Act 1953	0	1	1	2	0	1	1	0
Trades Mark Act 1995	0	1	0	1	0	0	1	0
TOTAL	124	2,241	105	2,346	116	10	2,171	173

Notes

- (a) Child Protection Acts include *Child Protection (Offenders Registration) Act 2000* (NSW) and *Child Protection (Offender Reporting and Offender Prohibition Order) Act 2004* (Qld)
- (b) Confiscation Acts include *Confiscation Act 1997* (Vic), *Confiscation of Criminal Assets Act 2003* (ACT), *Criminal Assets Confiscation Act 2005* (SA), *Criminal Assets Recovery Act 1990* (NSW), *Criminal Proceeds Confiscation Act 2002* (Qld), *Criminal Property Forfeiture Act 2002* (NT), and *Crime (Confiscation of Profits) Act 1993* (Tas).
- (c) Corporations Law includes *Corporations Act 2001* and *Corporations (Aboriginal & Torres Strait Islander) Act 2006*.
- (d) Crimes and Criminal Code Acts (Commonwealth) include *Bankruptcy Act 1966*, *Criminal Code Act 1995* and *Fair Work Act 2009*.
- (e) Crimes and Criminal Code Acts (state) include *Crimes Act 1900* (NSW), *Crimes Act 1958* (Vic), *Criminal Code Act 2002* (ACT), *Criminal Code Act 1899* (Qld), *Crimes (Domestic and Personal Violence) Act 2007* (NSW) and *Criminal Code Act 1983* (NT).
- (f) Drug Misuse and Trafficking Acts include *Drug Misuse Act 1986* (Qld), *Drug Misuse and Trafficking Act 1985* (NSW), *Misuse of Drugs Act 1981* (WA), *Misuse of Drugs Act 2001* (Tas) and *Misuse of Drugs Act 1990* (NT).
- (g) Drugs Poisons and Controlled Substances Acts include *Drugs Poisons and Controlled Substances Act 1981* (Vic) and *Controlled Substances Act 1984* (SA).
- (h) Firearms Acts include *Firearms Act 1996* (ACT), *Firearms Act 1996* (NSW), *Firearms Act 1996* (Vic) and *Weapons Prohibition Act 1998* (NSW) and *Weapons Act 1990* (Qld).

For information disclosed to authorised law enforcement agency officers under section 70-40 of the *Tax Agent Services Act 2009*, see the TPB’s annual report at tpb.gov.au.

Appendix 12: Fraud or evasion exception

Information about fraud or evasion assessments conducted in 2020–21 is shown in Table 6.28. In 2020–21, there were 74 taxpayers subject to a fraud or evasion assessment. This represents around 0.04% of taxpayers subject to an audit related assessment. Of the 74 taxpayers, 70 incurred an additional penalty. Penalty decisions are yet to be made for three taxpayers, and for one taxpayer penalties were not applied.

TABLE 6.28 Fraud or evasion assessments by client experience, 2020–21

Client experience	Number of taxpayers subject to an audit related assessment	Taxpayers subject to a fraud or evasion assessment ^(a)		
		Number	% of taxpayers subject to an audit related assessment	Number with an additional penalty ^(b)
Individuals	106,736	6	0.01	6
Small business	52,280	34	0.07	34
Privately owned and wealthy groups	8,920	30	0.34	26
Public and international businesses	791	4	0.51	4
Not-for-profit organisations	485	0	0	0
Self-managed superannuation funds	11	0	0	0
APRA-regulated superannuation funds	86	0	0	0
TOTAL	169,309	74	0.04	70

Notes

- (a) The tax law fraud or evasion exception to limited periods of review found within the income tax, superannuation and GST Acts allows that, if in the Commissioner's opinion there is fraud or evasion, the Commissioner is not constrained and may amend an assessment at any time.
- (b) The tax law penalty provisions of Part 4-25 in Schedule 1 to the *Taxation Administration Act 1953* operate independently of the fraud or evasion exception. The penalty provisions impose administrative penalties for conduct such as: making a false or misleading statement or taking a position that is not reasonably arguable; failing to lodge a return or statement on time; failing to withhold amounts as required under the PAYG withholding system; failing to meet other tax obligations.

Appendix 13: Corrections

The following errors appeared in our 2019–20 annual report.

Senate committees

The questions on notice result was incorrect.

As printed on page 79:

We appeared with Treasury at two Senate Estimates hearings in 2019–20, responding to approximately 90 **249** questions on notice, as well as the following Senate Committee inquiries:

- Economics Legislation Committee inquiry into the Treasury Laws Amendment (2019 Tax Integrity And Other Measures No. 1) Bill 2019 [Provisions]
- Economics Legislation Committee inquiry into the Treasury Laws Amendment (Recovering Unpaid Superannuation) Bill 2019 [Provisions]
- Economics Legislation Committee inquiry into the Provisions of the Currency (Restrictions on the Use of Cash) Bill 2019*
- Economics Legislation Committee inquiry into the performance of the Inspector-General of Taxation*
- Community Affairs Reference Committee inquiry into Centrelink’s compliance program
- Standing Committee for the Scrutiny of Delegated Legislation inquiry into Taxation Administration (Private Ancillary Fund) Guidelines 2019
- Select Committee on COVID-19 inquiry into the Australian Government’s response to the COVID-19 pandemic*.

Note

For the inquiries marked with an asterisk (*) in the above list, we appeared twice in 2019–20.

Workplace agreements

The following information reported in our 2019–20 annual report has been corrected.

As printed on page 98:

There were 112 non-SES employees with an Individual Flexibility Arrangement in place, which alters one or more specific aspects of the ATO Enterprise Agreement.

TABLE 4.21 Employment arrangements of substantive SES and non-SES employees, at 30 June 2020

Arrangement	SES	Non-SES	Total
ATO Enterprise Agreement 2017	0	21,033	21,033
Individual flexibility arrangements	0	13	13
Determinations under subsection 24(1) of the <i>Public Service Act 1999</i> ^(a)	223	0	223
TOTAL	223	21,046	21,269

Note

(a) Excludes a Band 2 SES who is a statutory position holder (Second Commissioner).

Dispute management

The variance result noted at APRA-regulated superannuation funds in Table 6.8 was incorrect.

As printed on page 186:

TABLE 6.8 Settlements by client group, 2019–20^{(a)(b)}

Client group	Settlement cases	% of total settlements	ATO position \$m	Settled position \$m	Variance \$m	Variance %
Individuals ^(c)	20	5	4.8	2.9	1.9	40
Small business	91	22	74.3	45.3	29.0	39
Privately owned and wealthy groups	134	32	204.1	101.4	102.7	50
Public and multinational businesses	112	27	2,927.3	1,864.5	1,062.8	36
Not-for-profit organisations ^(d)	0	0	0	0	0	0
Self-managed superannuation funds	55	13	2.9	2.3	0.6	19
APRA-regulated superannuation funds	5	1	1.2	1.2	0.8	7
TOTAL	417	100	3,214.5	2,017.4	1,197.1	37

Notes

- (a) Totals may differ from the sum of components due to rounding.
- (b) The methodology used to identify the client experience has been updated. As such, the data is not directly comparable with previous years.
- (c) The client group Individuals does not include those who are in business – for example, sole traders.
- (d) The client group Not-for-profit organisations includes government entities.

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Glossary

ABN Lookup	The public view of the Australian Business Register (ABR). It provides access to publicly available information supplied by businesses when they register for an Australian business number (ABN).
ABR Connect	Provides access to multiple government agency registers via a single business register, the ABR. It reduces the number of registers businesses need to access each time they update information.
ABR Explorer	An online reporting and analytical tool that makes using ABR data easy.
application programming interface	A set of routines, communication protocols and tools for building software applications.
ATO online services	A range of tax and superannuation services available from our website, including lodging tax returns and activity statements and keeping track of super. Individuals, sole traders, businesses, tax agents, BAS agents and non-residents can register and log in at ato.gov.au .
audit yield	The additional tax liabilities identified and collected through audit activities. It also includes interest and penalties.
AUSkey	A single electronic identifier for businesses to access online government services with participating government agencies. AUSkey was decommissioned in March 2020 and replaced by myGovID and Relationship Authorisation Manager (RAM).
black economy	Economic activity not declared, which may be a result of attempts to avoid tax obligations. Also known as the 'shadow economy', 'cash economy' or 'non-observed economy'.
Cash Flow Boost	The temporary Cash Flow Boost scheme is available to eligible small and medium businesses and not-for-profit organisations that employ staff and have been affected during the economic downturn associated with COVID-19. Cash flow boosts are delivered as credits in the activity statement system.
collectable debt	Debt that is not subject to objection or appeal or to some form of insolvency administration.
COVID-19	The particular strain of novel coronavirus that led the World Health Organisation to declare a Public Health Emergency of International Concern in early 2020.
country-by-country (CbC) reporting	One of a range of international measures aimed at combating tax avoidance, through more comprehensive exchanges of information between agencies. Certain types of significant global entities are required to report on international related-party dealings, revenues, profits and taxes paid, by jurisdiction.
departing Australia superannuation payment (DASP)	The payment of a superannuation balance for an eligible temporary resident leaving Australia.

digital service provider (DSP)	Anyone who develops and delivers digital services to the community, including software developers, gateway providers, third-party providers, system implementers and clearing houses.
director identification number (director ID)	A unique number that identifies a director of a company, registered Australian body or registered foreign company.
guidance	Assistance we provide to taxpayers to help them understand their obligations and entitlements. It does not address a taxpayer's specific circumstances and is not binding on the Commissioner.
high wealth individual	An Australian resident who controls net assets of over \$30 million.
JobKeeper	The JobKeeper Payment scheme is a wage subsidy for eligible businesses significantly affected by coronavirus (COVID-19).
large business	A business with annual turnover of over \$250 million.
myGov	A government system that provides secure access to a range of Australian Government services with one username and password.
myGovID	A secure proof-of-identity app that provides access to government online services for individuals and businesses. It is used in combination with the Relationship Authorisation Manager (RAM) and replaced AUSkey in 2020.
net tax collections	Total tax collections less refunds paid to taxpayers.
Online services for agents	A secure ATO system for registered tax and BAS agents and their authorised staff. It provides access to a range of client information and services.
Online services for business	The new default online service for businesses, approved self-managed super fund (SMSF) auditors and other organisations to interact with the ATO.
Online services for DSPs	A modern and secure platform for digital service providers (DSPs) to interact with the ATO.
phoenix activity	The systematic process of deliberately incorporating and liquidating operating companies with the intent of having the company avoid its obligations to its employees, to its suppliers, and to the tax system.
pre-filing	Automatic population of labels in electronically prepared income tax returns. It includes information from government agencies, financial institutions and employers.
private ruling	A legally binding written expression of our opinion on the way in which a relevant provision applies, or would apply, to a particular taxpayer.
privately owned and wealthy group	We view privately owned and wealthy groups as: <ul style="list-style-type: none"> ▪ companies and their associated subsidiaries (often referred to as economic groups) with an annual turnover greater than \$10 million, that are not public groups or foreign owned ▪ resident individuals who, together with their business associates, control net wealth over \$5 million.
public and multinational group	Most of the largest organisations operating in Australia are publicly listed Australian or multinational groups.

public ruling/ determination	The Commissioner's considered opinion on the way in which a relevant provision applies to taxpayers generally or a class of taxpayers. Any taxpayer covered by the ruling may rely on it and receive the associated protection.
Relationship Authorisation Manager (RAM)	A new digital service that can be used by individuals and businesses to set up and manage relationships across government online services. RAM allows people to manage who is authorised to act on their behalf online.
remote desktop application (RDA)	Secure technology that allows users to remotely access their office desktop computers. Unlike VDP, they the user must already be logged in to their computer in the workplace to establish a remote connection.
self-managed super fund (SMSF)	A complying superannuation fund with fewer than five members, who are individual trustees of the fund.
significant global entity	<p>An entity is a significant global entity for an income year if it is either:</p> <ul style="list-style-type: none"> ▪ a global parent entity with annual global income of A\$1 billion or more ▪ a member of a consolidated group of entities where the global parent entity has an annual global income of A\$1 billion or more. <p>This includes both:</p> <ul style="list-style-type: none"> ▪ Australian-headquartered entities (either with or without foreign operations) ▪ the Australian operations of foreign headquartered multinational entities.
small business	A business with less than \$10 million aggregated turnover in the previous financial year. Prior to 2016–17, the threshold was \$2 million.
Standard Business Reporting (SBR)	Enables businesses to prepare and provide reports to government directly from their business software.
Standing Committee	A committee that conducts inquiries on behalf of the Australian Government into any matter referred to it by either the House or a Minister, including any pre-legislation proposal, bill, motion, petition, vote or expenditure, other financial matter, report or document.
super guarantee	Super guarantee refers to the minimum level of superannuation contributions an employer must make for eligible employees.
super guarantee charge statement	An employer that does not make super guarantee contributions for an eligible employee within the required period must lodge a super guarantee charge statement with the ATO.
tax assured	An estimate of the proportion of tax reported that we are highly confident is correct.
tax gap	An estimate of the difference between the amounts the ATO collects and what we would have collected if every taxpayer was fully compliant with tax law.
taxable payments annual report (TPAR)	Some businesses and government entities need to report the total payments they make to contractors each year on a taxable payments annual report (or TPAR).
Test Case Litigation Program	Provides financial assistance to taxpayers who are litigating matters that will clarify the tax and superannuation laws we administer. By developing legal precedent, we seek to ensure we are providing the community with clear principles on how to apply the law.

total revenue effects	An estimate of the additional tax revenue resulting from our client engagement activities. It is a combination of audit yield and wider revenue effects.
transfers	Administered expenses incurred by the ATO, including superannuation guarantee, super co-contributions, and personal and business benefits and subsidies.
virtual desktop platform (VDP)	Secure technology that allows users to remotely log on to a virtual copy of their office desktop computers. Unlike RDA, the user is logging on to a virtual machine hosted on a remote server.
wider revenue effects	An estimate of the additional tax revenue arising from our broader suite of activities, which we can defensibly measure and that is not already captured by audit yield.

Abbreviations

AASB	Australian Accounting Standards Board	GST	goods and services tax
AAT	Administrative Appeals Tribunal	HELP	Higher Education Loan Program
ABN	Australian business number	HR	human resources
ABR	Australian Business Register	ICT	information and communication technology
ABRS	Australian Business Registry Services	IGTO	Inspector-General of Taxation and Taxation Ombudsman
ABS	Australian Bureau of Statistics	IPS	Information Publication Scheme
ACA	audit complete advice	JITSIC	Joint International Taskforce on Shared Intelligence and Collaboration
ACIC	Australian Crime Intelligence Commission	LCT	luxury car tax
ACLEI	Australian Commission for Law Enforcement Integrity	LGBTI	lesbian, gay, bisexual, transgender and intersex people
ACNC	Australian Charities and Not-for-profits Commission	MBR	Modernising Business Registers program
ACR	auditor contravention report	NABERS	National Australian Built Environment Rating System
AFP	Australian Federal Police	NFP	not for profit
ANAO	Australian National Audit Office	OAIC	Office of the Australian Information Commissioner
APRA	Australian Prudential Regulation Authority	OECD	Organisation for Economic Co-operation and Development
APS	Australian Public Service	PAYG	pay as you go
APSC	Australian Public Service Commission	PBS	Portfolio Budget Statements
ASIC	Australian Securities and Investments Commission	PEO	principal executive office
ATO	Australian Taxation Office	PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
AUSTRAC	Australian Transaction Reports and Analysis Centre	PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
AWOTE	average weekly ordinary time earnings	PID Act	<i>Public Interest Disclosure Act 2013</i>
BAS	business activity statement	PS Act	<i>Public Service Act 1999</i>
CALD	culturally and linguistically diverse	RAM	Relationship Authorisation Manager
CbC	country-by-country	RDA	remote desktop application
CBD	central business district	SBR	Standard Business Reporting
CDDA	Compensation for Detriment caused by Defective Administration	SES	senior executive service
CGT	capital gains tax	SFSS	Student Financial Supplement Scheme
CHIATO	Carers, Helpers and Interested others in the ATO	SIG	Secure Internet Gateway
COO	Chief Operating Officer	SMSF	self-managed super fund
COVID-19	coronavirus disease 2019	STP	Single Touch Payroll
CPA	Certified Practising Accountants	TAA	<i>Tax Administration Act 1953</i>
DASP	departing Australia superannuation payments	TASA	<i>Tax Agent Services Act 2009</i>
director ID	director identification number	TFN	tax file number
DSP	digital service provider	TPAR	taxable payments annual report
EEGO	Energy Efficiency in Government Operations	TPB	Tax Practitioners Board
EL	executive level	VDP	virtual desktop platform
FBT	fringe benefits tax	WET	wine equalisation tax
FCA	Federal Court of Australia	WHS Act	<i>Work Health and Safety Act 2011</i>
FCAFC	Federal Court of Australia Full Court		
FOI Act	<i>Freedom of Information Act 1982</i>		

Key resources

Our key resources for 2020–21 include:

- ABN Lookup
- ATO corporate plan
- ATO online services
- Australian Business Register
- Australian Charities Not-for-profits Commission annual report
- Australian tax gaps – overview
- Boosting cash flow for employers
- Business bulletins newsroom
- Commissioner's remedial power
- Dealing with disasters
- Decision impact statements
- Diversity
- 2024 Diversity and inclusion strategy
- E-invoicing
- Fuel schemes
- GST administration annual performance report
- Help with paying
- How we use data and analytics
- JobKeeper Payment
- Modernising Business Registers
- 2024 Multicultural access and equity action plan
- myDeductions
- Not-for-profit newsroom
- Our service commitments
- Self-help services
- Single Touch Payroll
- Small business assist
- Small business newsroom
- Small Business Superannuation Clearing House
- Software developers
- Super Fund Lookup
- SuperStream
- Supporting your small business
- Tax assured
- Tax Practitioners Board annual report
- Tax professionals newsroom
- Taxpayers' Charter
- Test Case Litigation
- Total revenue effects
- Use of powers.

For more information on these products, plans, tools and services, visit ato.gov.au.

Compliance index

It is mandatory to provide a list of requirements as set out in the *Public Governance, Performance and Accountability Act 2013* and *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

PGPA Rule reference	Description	Requirement	Page
17AD(g) Letter of transmittal			
17AI	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	VI
17AD(h) Aids to access			
17AJ(a)	Table of contents.	Mandatory	IV–V
17AJ(b)	Alphabetical index.	Mandatory	232–236
17AJ(c)	Glossary of abbreviations and acronyms.	Mandatory	221–225
17AJ(d)	List of requirements.	Mandatory	227–231
17AJ(e)	Details of contact officer.	Mandatory	Inside front cover
17AJ(f)	Entity's website address.	Mandatory	Inside front cover
17AJ(g)	Electronic address of report.	Mandatory	Inside front cover
17AD(a) Review by accountable authority			
17AD(a)	A review by the accountable authority of the entity.	Mandatory	II–III
17AD(b) Overview of the entity			
17AE(1)(a)(i)	A description of the role and functions of the entity.	Mandatory	1
17AE(1)(a)(ii)	A description of the organisational structure of the entity.	Mandatory	10
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity.	Mandatory	2–3
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan.	Mandatory	12, 46, 47, 51, 52
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority.	Mandatory	6, 71
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority.	Mandatory	6, 71
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	6, 71
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory	n/a
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory	n/a
17AD(c) Report on the Performance of the entity			
Annual performance Statements			
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	11–56

PGPA Rule reference	Description	Requirement	Page
17AD(c)(ii) Report on Financial Performance			
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	105–106
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	107–110
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.	105
17AD(d) Management and Accountability			
Corporate Governance			
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	71–73
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	VI
17AG(2)(b)(ii)	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	VI
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	VI
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	69–81
17AG(2)(d) – (e)	A statement of significant issues reported to Minister under paragraph 19(1) (e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory	114
Audit Committee			
17AG(2A)(a)	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	74
17AG(2A)(b)	The name of each member of the entity's audit committee.	Mandatory	74–75
17AG(2A)(c)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	74–75
17AG(2A)(d)	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	74–75
17AG(2A)(e)	The remuneration of each member of the entity's audit committee.	Mandatory	74–75
External Scrutiny			
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	76–78
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory	76 191–195
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory	76–78
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	n/a
Management of Human Resources			
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	82

PGPA Rule reference	Description	Requirement	Page
17AG(4)(aa)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including: (a) full-time employees; (b) part-time employees; (c) gender (d) staff location	Mandatory	82–96
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including: (a) staffing classification level; (b) full-time employees; (c) part-time employees; (d) gender; (e) staff location; (f) employees who identify as Indigenous.	Mandatory	82–96
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	97
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	97
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	98
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees.	Mandatory	101–102
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	98–100
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	n/a
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	n/a
17AG(4)(d)(iv)	Information on aggregate amount of performance payments.	If applicable, Mandatory	n/a
Assets Management			
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	111
Purchasing			
17AG(6)	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	111
Reportable consultancy contracts			
17AG(7)(a)	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory	112
17AG(7)(b)	A statement that "During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]".	Mandatory	112
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	111–112
17AG(7)(d)	A statement that "Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website."	Mandatory	112

PGPA Rule reference	Description	Requirement	Page
Reportable non-consultancy contracts			
17AG(7A)(a)	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory	112–113
17AG(7A)(b)	A statement that “Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.”	Mandatory	112–113
Additional information about organisations receiving amounts under reportable consultancy contracts or reportable nonconsultancy contracts			
17AGA	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory	112–113
Australian National Audit Office Access Clauses			
17AG(8)	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	n/a
Exempt contracts			
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	n/a
Small business			
17AG(10)(a)	A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory	113
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	113
17AG(10)(c)	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory	113
Financial Statements			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	117–180
Executive Remuneration			
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory	99–101

PGPA Rule reference	Description	Requirement	Page
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that <i>"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."</i>	If applicable, Mandatory	205
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	n/a
17AH(1)(b)	A statement that <i>"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."</i>	If applicable, Mandatory	114
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	78–79
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	76
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	216–217
17AH(2)	Information required by other legislation	Mandatory	58–62, 68, 73, 81, 102–103, 104, 115, 189–190, 206–207, 208–214

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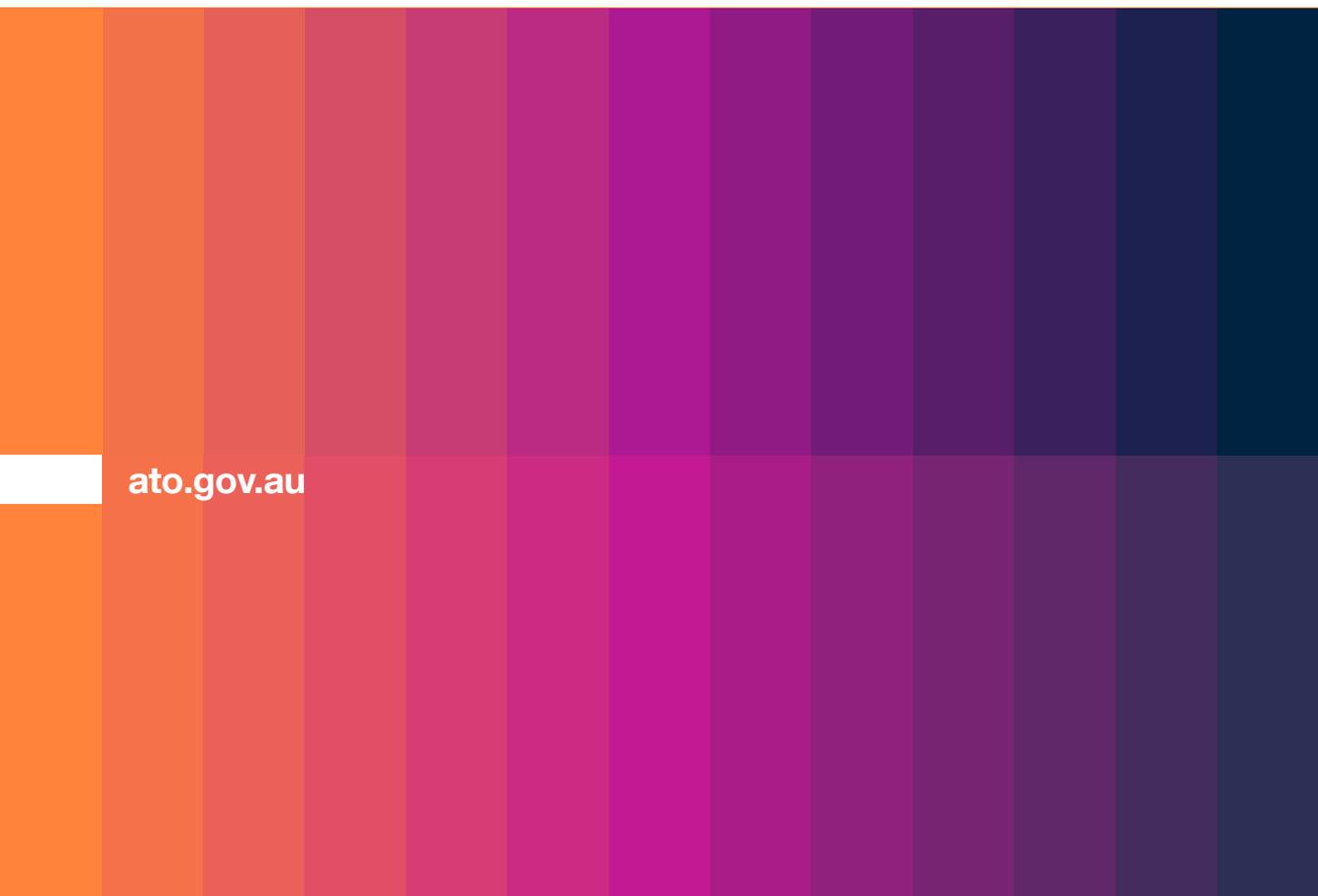
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